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The United States of EUROPE

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BY

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Translated by
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THE UNITED STATES OF EUROPE

Chapter One

DECADENCE AND GRANDEUR OF EUROPE

LET us commence with the savants, for it is to science that modern politics must look for the origins and the solutions of its problems.

In 1920 one of the leading French geographers, M. Albert Demangeon, professor at the Sorbonne, published, under the title of *The Decline of Europe,*[1] a very instructive book which defined the principles in favour of which we are now contending. In this book, apparently purely abstract, but actually extremely dramatic, the author took for his starting-point the proposition that in future the laws governing human life in this world would be determined by economic factors. He proposed therefore to study the changes of fortune which since the Great War have robbed Europe of her ancient supremacy and given a new centre of gravity to the world. Formerly, it was Europe that dominated all races and imposed her civilization upon them, extending her influence to the most extreme limits. As a result, however, of the frequent wars in which she has taken part, the creation of new routes, the formation of new capitals, and the spread of the industrial regime, European hegemony has been seriously checked. From some points of view she has already

[1] *Le déclin de l'Europe.* Paris, Payot, 1920.

come to appear like a colony of young America, her god-daughter. Thus does the whirligig of time displace the seat of authority; and in Asia, for long a dimly remote region and today agitated by so many new ferments, it is not only Japan that stands out in all her strength and accomplishment, but the so-called subject and backward races, full of defiance, shout their challenge to Great Britain or to France, indeed to the whole of Europe.

It is a striking and arresting spectacle, of which every day presents us with some new aspect. Politicians of the old school close their eyes to the facts, or meet them with the traditional remedy of a mere empiricism, and the average reader of *The Manchester Guardian* or *Le Temps* misses the drama behind an interesting tale. Let us lift the veil and look the facts in the face. Here we have this old Europe become a dependent, unable to support herself by the produce of her own soil, and running into debt like the most embarrassed of young bloods. Consider the disasters heaped up by the war, and especially that part of them which is not visible to the eye—the appalling destruction of European personnel. We cannot too often bring forward the sinister balance-sheet of butchery, for death is silent. Here are the broad figures of the loss of life: In France the deaths exceeded 3 per cent; they reached 4 per cent in Rumania, and 12 per cent in Serbia. Great Britain, according to M. Demangeon, lost 930,000 men and Germany 2,140,000. I take these figures alike from friend and foe, without discrimination; for the dead,

even more than the living, are all brothers. All told, eight and a half million Europeans perished in the storm in the four and a half years of madness. They were the youngest and strongest of the Europeans, so that the loss was graver in quality even than in quantity. And what is left of Europe shelters the wounded, the sick, the attenuated beings whom death will single out quietly one by one in the homes where they are trying to rebuild their lives.

Our thoughts turn most naturally to particular facts, and especially to those that touch us closely. We turn aside from generalization; our minds are not big enough to accommodate the larger ideas by which, nevertheless, the world is guided. Let me take you by the hand, reader, and invite you to look at the invisible, to realize that Europe is no longer the great reservoir of humanity that she used to be. "The great migration of Europeans from East to West," wrote M. Albert Demangeon in 1920, "is tending to weaken. Indeed, the return movement from West to East gives us a concrete image of the reversal of forces which is coming about; America is coming towards Europe; the march of civilization is changing its direction."

Already Europe has lost her exclusive position as banker of the world. The financial power of the United States is growing. Japan is increasing in strength. Our friends in North America have established their domination over the great routes which lead from the Atlantic towards the Pacific. "All round the Caribbean Sea they

have smashed the circle of the ancient possessions of Europe. . . . This Caribbean Sea is tending to become an American lake. . . . The mastery of the sea-routes, which was slowly preparing before the war, has become an essential part of American policy since the United States has become a great maritime country. The fortunes of the country have hitherto been on land: in the fields, in the mines, and the workshops. Henceforth they lie also on the water, with the goods that are exported and with the ships of the mercantile marine; it is a new form of national property."

I am quite aware that the picture ought not to be painted too black. If the position of Europe were desperate, it would not be worth while to propose that she should organize with a view to new destinies. If she represents one of the smallest parts of the world, a quarter the size of Asia or America, a third the size of Africa, she can still claim some important advantages. Massed together in the northern hemisphere, between the 36th and 71st degrees of latitude, she occupies the most favourable zone in the world for human activity.[1] Her sharply indented coasts make her susceptible to the civilizing action of the sea, sensitive in her manners as in her climate. There is no desert in Europe; hence, occupying at the most a thirteenth part of the emergent lands, she sup-

[1] Cf. the excellent *Géographie de l'Europe* by MM. Gallouédec and Maurette (Paris, Hachette, 1928), which will often be used to furnish a basis for political arguments in the work of scientists.

ports more than a quarter of the world's population (480 millions out of 1906 millions in 1927, according to the Secretariat of the League of Nations). She possesses an intellectual inheritance that centuries will not exhaust; and, if facts dominate life, particularly in these days, it is equally true that facts themselves come to be controlled by mind. Intellect creates and transforms, and one intelligent engineer is worth more than a thousand stupid Asiatics. It was doubtless because of her long tradition of culture that Europe was pictured in the maps of the Renaissance period as a woman crowned.

I am reminded of a charming story by Rudyard Kipling, "The Man Who Was." The author describes for us one of those Russians who "as Orientals are charming," a certain Dirkovitch, "who appeared to get his bread by serving the Tsar as an officer in a Cossack regiment, and corresponding for a Russian newspaper with a name that was never twice alike." The young Oriental arrived in India where he "forgathered with Her Majesty's White Hussars in the city of Peshawar." What surprises Kipling is that this Asiatic persists in wanting to remain a European: "He would unburden himself by the hour on the glorious future that awaited the combined arms of England and Russia when their hearts and their territories should run side by side, and the great mission of civilizing Asia should begin."

Dirkovitch did not convince anybody. "Asia," Kipling tells us, "is not going to be civilized after the methods of the West. There is too much Asia and she is too old. You

cannot reform a lady of many lovers, and Asia has been insatiable in her flirtations aforetime. She will never attend Sunday school or learn to vote save with swords for tickets."

Even, and indeed chiefly, in the face of the Asiatic masses, the intellectual energy of Europe retains its value. Asia may boast of her formidable chains of mighty mountains. Europe, with her interrupted ramparts of the North marking out a long plain, and her continuous ramparts in the South enclosing smaller plains, lends herself admirably to the penetration and the circulation of merchandise and of ideas. This essential condition for the formation of a federation of peoples is one that Asia, for her part, will never be able to claim. Fortunately, we may say: Mont Blanc is only 15,781 feet high. It seems to me even to have got a little smaller since I was a child. Mount Everest in the Himalayas, with its 29,141 feet, Aconcagua in the Andes, with its 23,025 feet, Kilimanjaro in Africa, with its 19,720 feet, are much more formidable obstacles to the spread of human civilization. "There is too much Asia," as Kipling puts it. The Alps give us all the water we need, but they lend themselves to the passage of peoples and of merchants.

Let us look at the matter a little more closely. The vast European plain presents few obstacles to the enterprises—canals, roads, railroads—which make up international life. It is the absence of strong natural frontiers which has incited the various peoples to change their boundaries continually by means of war. Gauls, Germans, Slavs,

continually change their borders, acquiring or losing provinces. States like Poland are built up and destroyed. If the nations would reflect and follow the best minds among them they would understand that the very reasons in the name of which they have killed each other so freely in order to shift a few customs boundaries are precisely those which should move them to unite in the peace of a wise federation. It is only by the exercise of will and of intelligence, by respect for right, that we can give our old continent the interior limits which Nature has generally refused her.

Europe no doubt appears rather badly provided with mineral wealth when we compare her with countries like the United States or China, but at the beginning of things the very invasions of which she was the scene had the effect of mingling all the primitive ethnic elements, abolishing in large measure the physical distinctions between races, and creating a common treasury of traditions, of culture, and of education. This fusion has to some extent compensated for the insanities of war. "In Europe," writes M. Gallouédec, "we do not find, strictly speaking, distinct races; we find mainly nationalities grouped more or less logically by political events." In the eyes of the philosophic historian the continent presents itself as a cross-breeding ground, or as an immense laboratory in which ferments introduced from Africa, from Egypt, from Asia, from Phœnicia and Palestine, have transformed the hitherto inert mass and made it active. And this mass, disciplined by the centu-

ries, has in its turn reacted upon the world around it. Like the Greek and Roman civilizations, it has taken the lead, and if its dynamic power is not exhausted it has still an immense role to play.

Europe has a vast machinery at her disposal. She owns 32 per cent of the railways of the entire world. The line of the great Northern plain, starting from the Western ports and going through Paris, Berlin, Warsaw, and Moscow, is continued into Asia by the trans-Siberian. The Central European line, through Vienna, Budapest, and Constantinople, commands the trans-Asiatic. The Southern line, still incomplete, from the 45th degree of latitude, reaches the trans-Caucasian. The trans-Pyrenean line finds its prolongation in the trans-African. These are the vast perspectives which offer themselves to a Europe which shall have learned how to forget her family and miserable shop quarrels. It is easy to imagine how important in the future might be a route like the trans-Siberian, which, serving the North of Europe and running to the Pacific Ocean, continues in the trans-Manchurian and the trans-Chinese, right to the centre of Shanghai. Great are the possibilities for Europe in the fate which has joined her to Asia. The silk of China, like the cotton of Tashkent and the wool of Turkestan, may be secured. She has direct access to the oil of Baku and the wealth of Persia. In return for these raw materials, provided she learns how to organize herself, she should be able to direct her own products towards the nations which have hardly commenced their evolution towards scientific and industrial life.

Her network of maritime lines, moreover, unites her to the lands beyond the seas. London is still the world's greatest port, and, according to M. Gallouédec's *Géographie* already quoted, Europe stills owns more than three-fifths of the world's merchant shipping. If we take the figures giving the strength of the various merchant fleets in tons' burden, and take into account only mechanically propelled vessels of more than a hundred tons—that is to say, those capable of long-distance trading—we find that nine European countries—the United Kingdom, France, Germany, Italy, Holland, Norway, Sweden, Spain, and Denmark—have a fleet of over a million tons each. Only three States outside Europe can say as much: the United States, Japan, and, among the British Dominions, Canada.

Here are the details according to Gallouédec and Maurette:[1]

	MILLION TONS
United Kingdom	19.274
France	3.262
Germany	2.993
Italy	2.894
Holland	2.585
Norway	2.555
Sweden	1.215
Spain	1.120
Denmark	1.008
United States of America	11.605
Japan	3.741
Canada	2.230

[1] *Géographie de l'Europe*, 1928 edition.

Decadence and grandeur! These two words, so often linked, entirely fit the Europe of our time. She has all she needs to play an immense role. But she must make haste.

It is necessary, at the very outset of our study, to put the reader on his guard against a misinterpretation of our intentions and our aim.

Senator Henry Bérenger, who was French Ambassador at Washington, has protested in advance against what he calls "Continentalism":[1] "Above all," he says, "do not let us create antagonism between Europeans and Americans. France is no longer a European nation; her interests are world-wide. Of the hundred million French people, sixty millions live outside Europe. Europe is no longer the centre of a circle but the focus of an ellipse of which the other focus is represented by the United States of America." Excellent! But it is not in the least a question of setting a European imperialism against an alleged American imperialism. What we seek to organize is not a *struggle,* but an *equilibrium.* We are proposing to discipline a continent which in the course of centuries has dissipated a large part of its vital energies in wars which really amounted to civil wars. We want to insure whole nations against an ultimate unemployment which must lead to poverty and madness. It is a question of enabling Europe to play her part in a modern world in which peace and labour, we may reasonably hope, will

[1] *Le Quotidien, December* 6th, 1929.

dictate the law. Greece fell because she did not federate in time.

The general organization of the world remains the goal of human effort, but it can be reached only by stages. Are we to take offence at the fact that the American continent seeks to organize itself? The very interesting book of Ambassador Orestes Ferrara, *El panamericanismo y la opinión europea,*[1] describes the work accomplished by the 1927 Washington Commission, the Pan-American Conference at Buenos Aires in 1925, and the Havana Public Health Congress. One reads with pleasure that in the autumn of 1929 the press of the United States welcomed the idea of European federation. "What has been done at Geneva," said *The New York World* on September 11th, "constitutes a substantial achievement and is much more than many friends of the Briand programme had believed would be possible at this stage of the proceedings. European federation has ceased to be merely a vague, tenuous aspiration of the liberals; it has advanced to the stage of a great proposal in which high officials of more than a score of nations have manifested a sympathetic interest." *The New York Times* of September 10th is attracted by the idea. *The Boston Transcript* is fearful lest the European federation should be directed against the United States, but *The New York Herald Tribune* points out that the old continent simply wishes to attempt what America has already done. This journal has the wisdom

[1] Published by Le Livre Libre, 141 Boulevard Péreire, Paris.

to understand and to declare that American industry stands to gain by European stabilization. *The World* goes farther. If the European nations, it writes, had sufficient maturity and political intelligence, sufficient broad-mindedness and generosity, to unite politically and economically, they would raise themselves so far above the present level of international morality that present-day political theories would all be exploded.

Sr. Guani, the Uruguayan Minister in Paris and delegate to the League of Nations, of which he was president, declared that the Latin-American States would follow Europe's efforts at rationalization with the greatest interest, hoping themselves to profit by this work. He recommended the Pan-American grouping as a suitable model—i. e., a sort of Zollverein without a political alliance.

What of the British Empire? Would it remain outside this European federation? This obviously is one of the questions that present themselves at the very outset of the discussion. We are frequently met with the difficulties it raises, and it is fair to admit them at once. *The New Republic* of September 11th, 1929, declares that if Europe proposes to lower her internal tariff walls with the idea of raising the walls against the outsider, Great Britain can have nothing to do with the scheme. President Nicholas Murray Butler on the other hand, in *The New York Times* of September 2nd, expresses the view that if the British Empire were added to the United States of

America and the United States of Europe, the ideal of Cobden would be very near to realization.

These difficulties will come up for consideration later, when we are analysing the various elements of this vast problem. All we desire to do at the moment is to make it clear that a European federation is not to be thought of as being aimed against the United States. This fact was clearly grasped by Mr. Julius Klein in his address at New York on September 17th, 1929, to the Purchasing Agents' Association. *The Commercial and Financial Chronicle* has emphasized the advantages that would accrue to the whole world from Europe's putting her house in order. It may be admitted that Europe, seriously affected by American tariffs and by the large sums of American money invested in her business, is influenced by considerations of self-defence, but the United States cannot wish for the economic death of our continent. *The Commercial and Financial Chronicle* of September 14th expresses the opinion that there is no reason to fear that a European union would seriously prejudice the economic life of the United States. It is not a good thing for the spirit of a country, it argues, that its business and finance should find too easy conquests in world markets, especially if these triumphs are achieved at the expense of a poor organization or international unsettlement abroad. The United States would gain a great deal by keen competition abroad, particularly (adds the *Chronicle*) if this competition had the effect of showing up certain absurdi-

ties in the American tariff policy. The wise course for the United States, therefore, is to welcome anything that will help the union advocated by M. Briand, to support his efforts, and to adapt its industry and commerce to the possible new state of affairs.

So much for the preliminaries. The programme before us is that of *rationalizing* a continent which comprises at present thirty-eight States: thirty continental States, including the Saar and Dantzig; the Memel territory; the two principalities of Monaco and Liechtenstein; the two independent Republics of San Marino and Andorra; three island states—Iceland, Great Britain, and Ireland.[1] Let us at least try to bring Europeans to know and appreciate their interdependence more fully. It is a task worthy of our initiative and of our energies. The American Customs Union, that is, the United States of America, includes forty-eight States, covers an area of 3,026,789 square miles and has a population of 123 million inhabitants (1930 census). The European Customs Union, when it is achieved, will combine thirty-eight states, cover 2,060,240 square miles, and have a population of about 400 millions. With its colonial possessions, this amalgamation will account for 24,472,400 square miles and 951,321,000 inhabitants.

As M. Theunis, the first president of the Geneva Economic Conference, has remarked, a work of this kind

[1] *The World Almanac*, New York, 1930.

calls for an immense propaganda, a great educational effort. It requires many investigations; the present study can do no more than point to their urgency. In a remarkably original book recently published, *The Two Europes,*[1] M. Francis Delaisi examined the problem with which we are now dealing, and he too arrived at the conclusion that our continent is in a state of unstable equilibrium which calls for careful examination. He presented what may be described as the clinical picture of our case: Great Britain with more than a million unemployed; Germany and Switzerland, Czechoslovakia and Austria, disturbed by periodical crises; the insufficiency of existing markets; the limited purchasing power of the colonial races; the diminution in the coloured population of the French possessions; Asia in revolt or—what amounts to the same thing—industrializing herself for the achievement of economic independence; the United States, with a strength multiplied by the development of steam and electric power, sheltering itself behind increasingly high tariffs and becoming an exporter not only of food and raw materials but of manufactured articles. Canada has a metallurgical industry; Australia organizes weaving and spinning; the Union of South Africa provides itself with a textile industry. According to M. Delaisi, Europe should give up the idea of keeping her place in overseas markets, retire within herself to profit by the disappearance of the latifundia, and exploit the great movement which has made eighty millions of Russian peasants into proprietors and broken up the Ru-

[1] *Les deux Europes.* Paris, Payot, 1929.

manian and Polish estates. A hundred millions of new rural proprietors would thus be brought into existence by a revolution without precedent. They should be given a scientific equipment and working capital and public works should be organized for them, to increase the yield of corn from their lands and thus create a better purchasing public. In this way orders would be attracted to European factories, unemployment would disappear, wages would rise, and the home market would revive.

This solution itself demands a rational organization of Europe, the definite abandonment of the old theory of a balance founded upon guns and soldiers. If it be true that 240 millions of Europeans want nothing more than to produce and to buy, why not put them in the way of doing it?

For more than twenty years Monsieur D. N. Heineman has maintained the thesis [1] that the industrial unemployment in the West and the agrarian crisis in the East could cure each other. Europe, disciplined by science, recognizing both her resources and her limitations, would thus put her own house in order before displaying her will and her new capacities abroad.

I am quite aware that some discouraging arguments may be advanced. Weakened by the wars consequent upon the "process of boundary-making," disordered for so long by the so-called "balance of power" policy, Europe, according to M. Lucien Romier [2] would run the risk of

[1] *An International Clearing House.* Brussels, 1919.
[2] *Qui sera le maître?* Paris, Hachette.

collapsing under the weight of traditions which, in multiplying States and the rivalries between them, have retarded any tendency towards international action. In examining his subject, however, this economist is led to discover and to point out to us the opportunities of the old countries, the strength of their peasantry, their thrifty habits and simple life. If America were to close her door to European goods she would sacrifice the recovery of her credits; if she excluded immigrants she would check her own development. M. Romier, therefore, is led with us to the conclusion that an understanding is necessary between America and a rationalized Europe. He believes (and we do not dispute it) that it will be difficult to fight against the fragmentation which is the historic curse of Europe, and he sees the advantage of the American system, which combines the benefits of internal free trade with those of national protection. He looks, however, to a rationalization of Europe by trusts and cartels; and that, too, is a solution that we shall keep in mind.

Let us turn then to the details. The present study can be no more than an essay intended to provoke discussion and to draw some useful criticisms. We must clear the ground before we can cultivate it.

Chapter Two

THE FORERUNNERS—THE IDEA TAKES SHAPE

A FEW examples garnered from the somewhat arid gardens of history will suffice for our purpose.

The first of them is not the least picturesque. Let us transport ourselves in imagination to the Bohemian Court of George of Poděbrad.[1] We shall find ourselves in the fifteenth century and in the presence of an intelligent prince, whose sharp eyes, set in a sallow though tanned face, indicate a broad and clear intelligence. This thick-set, thoughtful man, whom the Diet of Prague has proclaimed King, knows how to fight. He knows also how to think. Bohemia owes her unity to him; it was his dream to organize Europe, and give her at once a body and a soul. And with George we find a curious French adventurer, Antoine Marini of Gratianopolis (in other words, Grenoble), who was employed from 1460 to 1465 as diplomatic agent by the King of Bohemia. George of Poděbrad conceived the idea of founding an international *Congregatio Concordiæ,* a sort of League of Nations. Having secured the consent of Poland and of Hungary, he sent an embassy to the Court of Louis XI in 1464 to obtain his support for the idea of an alliance of all Christendom

[1] See Jélinek, *Etudes Tchécoslovaques.* Paris, Boissard, 1929.

against the Turk. The delegates set out armed with a memorandum containing all the details of the plan, which, in George's mind, had another object, that of protecting the various temporal Powers of Europe against the pretensions of the Holy Roman See. It was this ulterior motive, which the men of the Church did not take long to discover, that caused all the difficulties.

The embassy was under the direction of Messer Albrecht Kostka of Postupic, to whom Marini acted as interpreter. The Czech historian, Jélinek, has made a study of the diary of the mission kept by the attendant Jarolav; it is said to be the earliest document in Czech literature. The envoys passed through Bayreuth, Nuremberg, Stuttgart, Strassburg, St. Dié, Lunéville, Bar-le-Duc, Reims, St. Quentin, and Amiens to Normandy, where the King was hunting. At Abbeville Messer Kostka gave a banquet to the notables; in spite of the manœuvres of perturbed prelates the envoys of the heretic King of Bohemia were presented to the King. Louis XI had been crowned at Reims; he, too, with his lowly entourage fights against the clergy, against the great feudal families, against the Parlement. This King has his face set towards the future.

"The King of Bohemia," wrote George, "prays and solemnly implores His Majesty the King of France, the most Christian King, defender of the true common Christian Faith, to command the convocation of the Diet and of the Assembly of Christian Kings and Princes in order that they or their counsellors invested with plenipotentiary powers may meet on a date and at a time to be fixed

by the King of France. The King of Bohemia makes this request for the glory of God and for the uplifting of the Christian faith, of the common Holy Catholic Faith, and the Holy Christian Empire."

This memorandum was examined by the Chancellor Pierre de Morvilliers, Jean Balue, and Louis d'Harcourt. The prelates, however, demanded that the approval of the Holy Father and of the Emperor should first be obtained. The debate which followed is interesting, not only because it presents at that distant date the problem of the League of Nations, but because it raises the question so often discussed of the relations between the temporal and the spiritual powers. Messer Kostka uses even the term *laicity*. "All questions which are within the competence of the Holy Father," he says, "shall be reserved to His Holiness and to His Majesty the Emperor. But, curiously enough, you prelates do not like, and will not admit, that the laity should discuss the temporalities among themselves. You demand that everything should be done through the intermediary of your power and your dignity, and you wish to be informed about everything that concerns the laity."

The Churchmen won, however, and the Czechs got no more than a friendly convention signed by Louis XI on July 18th, 1464. The envoys returned to Bohemia. It is permissible to ask whether the course of history would not have been completely changed if the King of France had agreed to form and to direct this first federation of Europe, united against a danger which at that moment

threatened from Asia. Mohammed II had just taken Constantinople and made it the capital of his Empire. He conquered, too, a part of Serbia; took Trebizond and made an end of the Comnenus dynasty; invaded Wallachia, Greece, and Bosnia. Only the Albanian Scanderbeg and the Hungarian Hunyadi Janos resisted him. He overcame the Venetians and the Genoese. It was the danger of the Turk which first gave Europe the idea of an organization for common defence.

Now let us take a leap of more than a century.

The *Grand Dessein* of Sully is often cited. It is true that the celebrated Maximilien de Béthune, Baron de Rosny, Duc de Sully, described in his *Economies royales* a curious project which has given rise to the keen controversy among the learned.[1] The first reference to this project is in a letter written to the King by Rosny in 1593. The Marquis asks his sovereign "to make and to form a good union, alliance, and confederation between all the potentates who hate or fear the domination of Spain and Austria . . . in order to arrive at schemes consonant with the wisdom, prudence, power, and generosity of yourself and so many great kings." A study of the secret instructions given to Rosny, however, shows that the principal object was "to wrest the German Empire from the House of Austria," and to attack the Netherlands. The "Grand Design" was a warlike enterprise.

[1] See particularly the *Revue Historique*, 1894.

The King, in order to make his preparations, asked Sully for an account of his fortresses and troops, his arsenals and magazines. One day, it is said, Henry met the Minister at the Arsenal, where, on the terrace overlooking the Seine, from which one could cast an eye over the whole of Paris, he implored his master to undertake the struggle.

This enterprise, so often quoted as a precedent to our efforts at federation, is reduced to its true proportions by M. Charles Pfister: "If it is already a question of forming a most Christian association to oppose the Spanish faction, Sully does not speak anywhere of a most Christian Republic, of fifteen powers equal in strength and balancing one another, of a permanent peace, of a sovereign authority charged with the settlement of differences, of a perfect equality between the three religions: Catholic, Lutheran, and Calvinist. All these ideas are absent; they were introduced at a later period into Sully's work, and it was possible to dismiss them *a priori* as chimerical and to declare that they could never have taken root in so realistic a mind as that of Henry IV."

Let us then be rid of a legend, and on this point at any rate refrain from comparing M. Briand to Sully. It is not until the eighteenth century that we find the plans of Henry IV erected into a philosophic and humanitarian system. In 1716, the Abbé de St. Pierre published his *Project of Perpetual Peace;* twelve years later, in 1728, he published a résumé of the great work under the title: "Summary of the Project of Perpetual Peace, originated

by the King, Henry the Great, approved by Queen Elizabeth, by King James, her successor, by the Republics and by various other Potentates." The author invites Louis XV to take up the ideas of his glorious ancestor, with the Treaties of Utrecht this time as a starting-point. Voltaire derided the impracticable peace of the Abbé de St. Pierre, while Jean Jacques Rousseau was enthusiastic for the idea attributed to Sully.

In the eighteenth century the writer who did most to prepare the way for the pacifists of the future was certainly this great Voltaire, so unjustly misunderstood today. He has, for example, in his series of *Dialogues and Philosophic Criticisms* [1] a very interesting conversation on the proposition "that modern Europe is better than ancient Europe." Voltaire believes in the possibility of progress in political and social organization and in what he already calls mutual aid. Suppose, he says, in that humorous style of his, that two old cardinals meet each other, fasting and famished, under a plum tree; they will help each other to climb the tree and gather the fruit. It is an admirable subject for a "moral tale." Europe appeared to him like "a vast fair," where you could find everything—watchmen, sharpers, beggars, and puppet-shows. He wanted to organize the fair.

The Abbé de St. Pierre, the friend of Mme. de Lafayette

[1] New York, Walter J. Beach, 1927.

and of the Marquise de Lambert, had expounded in his *Project of Perpetual Peace*[1] some of the new ideas for which he had been excluded from the Academy. Voltaire, in the passage in which he denounces so strongly the shamefulness of slavery, looks forward to a time when "the permanent peace of the Abbé de St. Pierre will be signed by the Grand Turk and by all the Powers," when there will be built what he calls "the city of arbitration." For Voltaire hated war and nobody has gone farther than he in denunciation of this form of barbarism. "The laws of peace," he writes in the eleventh *Criticism,* "I understand well enough: it is to keep one's word and to allow all men to enjoy their natural rights; but as for the laws of war, I do not know what they can be. The code of murder seems to me a strange conception. I hope we shall soon be presented with the jurisprudence of highway robbers." Nothing makes him more angry than to see priests giving a ceremonial blessing to "the standards of murder," as Massillon did to the flags of Catinat's regiment. For him, war had never had any other object than robbery; it was carried on in order to harvest the grain that others had sown. Charlemagne fought the poor Saxons thirty years for a tribute of five hundred cows. Conquering soldiers violate women when they cannot get them for the asking. "A hero at half a guinea a day who advances in the name of his august master into the country of another august sovereign, accompanied by subaltern heroes at

[1] St. Pierre, Charles Irénée Castel. *A Project of Perpetual Peace.* Tr. by Edith M. Nuttall. Introduction by G. Lowes Dickinson. London, R. Cobden-Sanderson, 1927.

four or five sous, begins by ordering all the cultivators to supply oxen, cows, sheep, hay, bread, wine, wood, linen and blankets." But read the article, "War," in the *Philosophical Dictionary*.[1] No sterner indictment exists.

Voltaire foresaw, in fact, the organization of peace. It is true that he chaffed the Abbé de St. Pierre and his commentator, Jean Jacques Rousseau. In the collection of *Facéties* we find a certain "Rescript of the Emperor of China on the occasion of the Project of Perpetual Peace." "We have read attentively," says this satirical document, "the booklet of our worthy Jean Jacques, citizen of Geneva. . . . The said Jean Jacques has extracted a project of perpetual peace from the Bonze St. Pierre; the said Bonze St. Pierre extracted it from a secretary of the Mandarin Marquis de Rosny, Duc de Sully, a worthy steward who himself extracted it from the recesses of his own brain. We have been extremely pained to observe that, in the said extract, drawn up by our worthy Jean Jacques, in which there are described easy methods of giving perpetual peace to Europe, he has forgotten the rest of the Universe, which should always be kept in mind in these booklets."

Voltaire's complaint against the Abbé de St. Pierre and Rousseau is, then, that they did not think out their European peace within the framework of a universal peace. He has already realized the importance that Japan will have in the future organization of the world. At the beginning of his own writing "on perpetual peace," in a

[1] Translated by H. I. Woolf. New York, Alfred A. Knopf, 1924.

highly important note, the philosopher defines his position. This peace, according to him, can be established only by freedom of commerce. He, too, calls for what he terms a "European Diet." He proposes the establishment of a Code for the settlement of casual disputes. "We may, indeed, persuade a Prince who commands two hundred thousand men that it is not in his interest to defend his rights and his claims by force, but it is absurd to propose that he should renounce them."

At the end of the eighteenth century we are to see the influence of these philosophic ideas on the mind of a statesman like Jacques Necker. The concluding chapters of his work on the administration of French finance are devoted to the examination of the problem of peace and war. These pages appeared in 1784, and it is remarkable to find there an attack on the theory upon which diplomacy has so long been founded, that of "the balance of power." Necker foresaw the economic consequences of modern wars, destined to ruin victor as well as vanquished; he pointed out the part played by commercial rivalries in these conflicts. "Have you," he writes, "set against the advantages which you expect from war the injury it may do to trade, the increase in the rate of interest through the multiplication of government loans, and the burdens on industry resulting from heavier taxation?" We would say that he foresaw the disturbance that would be created in the economy of France by the debts she had to contract between 1914 and 1918. What he, too, wants was an organization for peace, the reduction of excessive

charges, the development of export trade. He wants the suppression of all internal customs duties, "without raising the duties levied on goods entering and leaving the Kingdom." To make war, he declares, is to sow ten grains in order to gather one. The whole of the end of the book is ennobled by this appeal of a man of experience and vision to the human conscience, to the moral law, and to reason.

It was left for the greatest of German philosophers to give us a more logical theory. Immanuel Kant, with his lofty conception of duty and of reason, could hardly fail to interest himself in the problem which presents itself anew in these days to the general conscience. His work on *Eternal Peace* [1] was published by Nicolovius at Königsberg in 1795. An edition of one thousand five hundred copies was bought up by the public in a few weeks. A second, and enlarged, edition was produced by the illustrious author in 1796. Later an all-important addition was made to this work: the "secret article" to the Treaty for Perpetual Peace. So popular were these ideas that Nicolovius had to supply a French translation.

Kant recalls the satirical inscription which a Dutch innkeeper had placed on his sign-board, depicting a cemetery—"At the Sign of Perpetual Peace!" According to the philosopher, there is an essential first principle, which is

[1] Kant, Immanuel. *Eternal Peace, and Other International Essays.* Tr. by W. Hastie. Boston, World Peace Foundation, 1914.

that no peace treaty ought to be considered valid if it tacitly reserves the means of a new war. "A peace treaty should do away with all pretexts for recommencing war, present or future, even though they might be unknown to the contracting parties at the time and only dug up from the archives later by the exercise of patience and subtlety. The mental reservation of taking up again later pretensions which have been momentarily abandoned and which may be out of the question at present because the parties are too exhausted to continue the war and have the evil intention of seizing the first favourable occasion, all this is a policy worthy of Jesuit casuists."

Here is the second principle: No independent State (whether great or small is of little importance) should ever be acquired by another State by barter, by purchase, or by gift. We hold to this Kantian idea, which we shall place at the foundation of our project of European federation. There are no little or big nations, there are only nations. That is the idea that we defended in the name of democratic France before the Geneva Assembly of the League of Nations in 1924.

The third principle is that standing armies (*miles perpetuum*) should, in time, be abolished; and the fourth that national debts should not be contracted in order to maintain the external interests of the State. This idea of Kant's may be considered rather a bold one. He realized, at any rate, that the credit system, which consists in an indefinite increase of debts without concern for repay-

ment, leads nations to a reaction—that is to say, to the domination of the money power. It is Necker's idea defined and developed.

The fifth principle affirms that no State should interfere forcibly in the constitution or the government of another State; and the sixth that no State should employ in a war hostilities of a nature which would render mutual confidence impossible when it comes to making peace. In this category would be the employment of assassins (*percussores*), poisoners (*venefici*), the violation of a capitulation, secret incitement to treason (*perduellio*), and so on.

We have only to reread the strict theorems of Kant to see how little has humanity taken count of his counsels in the nineteenth and twentieth centuries. To take one example, the use of asphyxiating gases has spread the practice of poisoning. Kant is a true republican, a doctrinaire, and he pushes his theorems to their logical conclusions. Adding positive counsels to his prohibitions, he declares that international law "ought to be founded on a federation of free States." Let us listen to his admirable words:

> Reason condemns, without exception, the resort to war as a means of asserting rights, and declares a state of peace to be a pressing duty. As this pacification cannot be brought about or guaranteed without a pact between the Nations, *it is necessary that they should form a special sort of alliance,*

what may be called a League of Peace (fœdus pacificum), *as distinct from a Peace Treaty* (pactum pacis), *in that it will make an end for ever of all wars, whereas a peace treaty makes an end only of a single war. This alliance would not aim at any domination over the States;* it would concern itself only with the assured maintenance of the liberty of every State participating in it, without any necessity of its subjecting itself, like man in the state of nature, to the legal constraint of a public power.

Kant not only foresaw the Briand-Kellogg pact; he conceived and expressed the laws of federation, a natural and logical consequence of the social pact; and he called upon the States to renounce the ancient *jus gentium* considered as a right to make war, to condemn an anarchical liberty, and to form a State of Nations (*civitas gentium*), which by degrees would embrace all the peoples of the earth. We are bound to admire this audacity joined to such wise prudence. The philosopher did not aim at a sort of Universal Monarchy at the service of a centralized State. He respected the diversity of manners, of language, of religion, among the nations, and asked only for an equilibrium. Kant—and this is why he is still regarded as a guide by the elect—had no wish to see the separation between politics and morality continued indefinitely.

For those who care for progress and for the future he points out their duty in a page which throws a light into the very depths of the conscience. "A true policy will not take a step without first paying its homage to morality.

United to morals, politics is no longer a difficult and complicated art; morality cuts the knot that policy is unable to untie. . . . The rights of man must be held sacred though it demands the greatest sacrifices from rulers. We cannot divide ourselves between right and expediency. Politics must bow the knee before morality."

Man has a right to peace. He will not achieve it save by substituting for precarious treaties a permanent federation of the peoples. Kant's arguments remain invincible.

Towards the middle of the nineteenth century the most illustrious of French thinkers declared in favour of a close accord of the European peoples. I have before me a letter (unpublished, I believe) of Lamartine, written on May 28th, 1842. The poet-statesman associated himself with the demonstrations in support of the Austrian victims. "France and Germany, whom only the ambitious spirit of conquest could disunite, have the solidarity of two powers on whom rest the peace and the equilibrium of the continent. It is fortunate that occasions arise when this great community of continental patriotism can display itself spontaneously from nation to nation. . . . The flood victims of the Midi and the fire victims of Hamburg learn that they have brothers beyond the borders of their own nationalities. Thus, slowly and instinctively, the reconciliation of ideas and races is brought about, a clear sign of their early and durable harmony. That is the true political thought of this century."

In 1848, in his *Manifesto to Europe,* Lamartine invited the diplomatic representatives of the French Republic to take as their guide this phrase: "The world, as well as ourselves, wishes to advance to brotherhood and peace." He added: "War is nearly always a dictatorship. Soldiers forget institutions for men. Thrones tempt the ambitious, patriotism is dazzled by glory." The disillusionment which awaited this ideal in the political development of the nineteenth century in no way diminishes its purity.

On September 4th, 1869, Victor Hugo, exiled in Brussels, sent to the Peace Congress gathered at Lausanne a letter in which he declared the Federal European Republic to be established *de jure,* if not *de facto.* True, our great national poet expresses his thought in metaphors rather than in arguments. In prodigal fashion he piles up images, antitheses, brilliant characterizations. He disposes of problems rather summarily. "The first slavery is the frontier. He who says 'frontier' says 'fetters.' Cut the fetters, wipe out the frontier, close down the Customs House, dismiss the soldier; in other words, be free, and peace will follow." At the invitation of the Congress he went to Lausanne; at the opening session he showed himself once more sublime rather than practical, but once more he pronounced and defended the formula: "United States of Europe." On the closing day he made a profession of socialist and revolutionary faith, offering as a model for the future Europe the Swiss Republic of which he was the guest.

Who could doubt the sentiment of Michelet on such

a subject? Towards the end of 1853, a sick man, he took refuge at Nervi and there, in a poverty which enabled him better to understand the lot of the poor, existing almost as a disembodied spirit, he conceived "the universal banquet of the human race." In the book born of his meditations,[1] we find an echo of the European demonstrations of 1848, during which "in front of the Madeleine, reconciled brothers bowed together, the sublime flag of Italy, green with an eternal hope, and the majestic banner of Germany, immense, in long purple and gold folds, rich as the heart of ancient heroes." He mingled his dreams with these memories. "I have seen in a dream an immense banquet table stretching from Ireland to Kamchatka, and all the guests united in the same communion. . . . The European Fatherland is already established. How? By suffering, by emigration, by exile. In the United States the German immigrants at the cost of their blood have driven out Bedini, the friend of the executioners of Italy. In London the English workmen have assaulted Haynau, the hangman of Hungary. The Russian *émigrés* in Paris have made their home in the Polish library. I have loved them all, these great countries of Europe, finding them all represented in myself by their diversities. For me, every one of them evokes a memory. My Germany gave me Luther, the heroic joy, my Italy Vico, the rock of justice, my Poland, the idea of sacrifice," and as Michelet would have it, it is France who should unite all these concordant Fatherlands.

[1] *Le banquet.* Calmann Lévy, 1879.

In this rapid résumé how can one omit Richard Cobden, the man who spent his life in the defence of such noble causes and set such an example of the sacrifice of interest to conviction? We feel in this passion for good the influence of a personal experience, a poor and arduous childhood, an education pursued under many difficulties. Nobody has shown more clearly than Richard Cobden the link which exists between the theories of peace and the doctrine of free trade. When, with his friend John Bright, he had assured the success of the Anti-Corn Law League, and the measure so much hoped for was finally carried in 1846, and Sir Robert Peel had paid his tribute to the modestly heroic citizen, Cobden, elected member for the West Riding, set himself to develop the second part of his programme, the idea of universal peace. What an opponent for the old outworn theory of the balance of power in Europe and armed intervention! What courage too, for Cobden was repudiated by public opinion and lost his seat in Parliament! What an energy in this apostle who took up his working life in America until the day when the electors of Stockport sent him back to the House of Commons! What integrity, when he refused the Presidency of the Board of Trade offered him by Lord Palmerston with whose foreign policy he disagreed! Richard Cobden remains for us the most complete type of the modern apostle, dying in pain, crushed under a constant struggle for ideas, upright, generous, disinterested.

Nearer to our own days a number of lesser men have endeavoured to apply the teaching of the masters.

Godin, the founder of the community at Guise, in 1883, studied the problem with which we are now concerned, in his book, *Government, What It Has Been, What It Ought To Be, and True Socialism in Action.*[1] His twelfth chapter is devoted to the question of peace. Society, having for its first object the protection of its members, must fight against war and place the fate of the peoples under the protection of justice and right. Governments must join together for this purpose. The good Godin does not lose himself in metaphysical speculations; the simplicity of his moral sense is enough to suggest to him the truths which he expresses in a form that sceptics will regard as naïve, though it is honest and clearsighted. He recognizes that the War of 1870 must be followed by another armed conflict. "Military anxieties have been too violently aroused for Europe to escape being one day shaken again to her foundations. Nations cannot indefinitely manufacture arms, excite their soldiers, and build forts merely for the pleasure of wasting public money. The inevitable result of these armaments is to condemn Europe to new wars."

In order to react against this traditional barbarism Godin calls for the advent of the Universal Republic. Meanwhile there must be a federation of the peoples for the cause of peace. He reproaches the French Govern-

[1] *Gouvernement, ce qu'il a été, ce qu'il doit être, et le vrai socialisme en action.* Paris, Guillaumin.

ment for not having taken the lead in this direction. "Perseverence in a sound idea must lead it to victory sooner or later; the progressive march of social ideas will bring about the organization of a European peace, but intelligent and public-spirited statesmen can greatly hasten the process." This permanent congress of European states which Godin desires will lead to the adoption of a code of arbitration and a new international law. In his fashion, and in his own modest language, Godin takes up again the ideas of Kant: there is a beauty in his love for unprotected weakness, and a foreshadowing of the future in his proposal to create "a disarmament police, made up of a body of agents," in which the Powers will be equally represented. Here, as in the admirable writings of Kant, the old idea of power, based upon the quantity of force, is set aside in favour of an entirely different idea of justice, based upon the quality of right. Already Godin formulates the rules that we are endeavouring to introduce into the incomplete code of the League of Nations. "In cases where the Congress approves the employment of the necessary force for the defence of right, that is to say, the progress of the nations, this defence shall be carried out by the joint action of all the federated Powers . . . *the constitution of the United States of Europe may, in a near future, inaugurate a definitive peace on the continent.*" The theory has taken form.

The founder of the Guise Community was in favour of freedom of distribution and exchange, the reduction of national frontiers to the character of those which divide our

departments or counties, in short, the continuation of the age-old movement which has built up the provinces into States. He imagines the gathering of this Congress and outlines its programme of discussion and work. There are five Articles:—the abolition of war; organization of peace; European disarmament; international arbitration; federation for the execution of the awards. It is the very plan which the pacifists of Geneva are trying to carry out today. "Each Government must proceed by way of a special commission to a preparatory study of the questions raised by the reform." Here is another of Godin's ideas which we shall adopt: *The European Federation must be permanent;* its system will be to hold its gatherings in turn in each of the federated capitals.

There are no doubt greater philosophers and writers than this good man, but the firmness of his moral consciousness makes him the most effective and practical of the forerunners. He has provided for everything, even the part to be played by the press, the measures to be taken to instruct public opinion, the necessity of an international commission to "classify and superintend" war material. There is nothing chimerical about it: military power will continue to be necessary, but it will be employed for the defence of the European order. One of the most original parts of Godin's work is his study of tolls and customs: he regards them as having taken their rise in the vexatious monopolies and the spoliations of the dominating classes of the different countries. Customs, as far as he is concerned, remain of this character and he judges them with

extreme severity. "In every country," he says, "they represent a privilege for the traffickers in trade and commerce to the detriment of the consumers, or, in other words, of the people. A certain number of large fortunes are built up in every country as a result of the disguised monopoly created by the customs. . . . What is more serious is that the greed of the privileged classes is increased by the very benefits they derive from these duties and that sometimes their claims to exemption and prohibition go so far as to make nation rise against nation."

Godin lays his finger here on the critical point, or, in the current phrase, the tender spot, of the problem and it is impossible not to admire the singular penetration and the courage of his criticism, the boldness of his attack upon those who were known in his day as the "lords of finance." Godin fully realized the importance of the problem of "protected industries." How well he knew, too, how to pick the examples which reveal the practicability of his cause, examples which pacifists are citing again today! He points out how it has been possible, without any difficulties, to put the navigation of the Danube under the protection of Europe, and how the same system could be applied to all routes of navigation or of transport.

Finally, Godin sets out with a declaration of principle analogous to that which has given birth to the Briand-Kellogg pact. He then lays down the basis of a European peace treaty in 46 articles. It is easy to sneer, but it would be deplorable if the civilized élite of the world had so far lost the sense of duty as to miss the nobility

of such an effort. Godin was in advance of his time; he wanted to see a diplomatic instrument of the sort which later gave birth to the League of Nations. He foresaw the appointment of plenipotentiaries to discuss this Statute of Definitive Peace. In his admirable 6th article we find again the essential rule of Kant. "The principle of duty and of morals for the nations is similar to that of individuals. Fair dealing between nations and the rendering of mutual services is the true line of conduct for governments and for peoples." This treaty confers a permanent character on the European peace congress. All the states are to be equally represented. And here is the Briand-Kellogg pact itself: "Article XV: With the object of inaugurating the reign of peace between the peoples the federated nations agree to place international relations under the protection of justice, reason, and truth. *They renounce for all time the attempt to impose, by the authority of force and of violence, claims which have not the assent of the federated nations. They undertake to resort to arms only for self-defence in the event of their being attacked by one or more of their number.*" It is necessary to read the whole treaty to see how Godin has settled the mechanism of disarmament under the control of an international commission, the organization of federal protection, and how he has anticipated the economic organization necessary to secure the free distribution of produce. At least we cannot deny him the honour of having understood that the problem of European federation is at once moral, political, and economic. His whole system rests upon arbitration.

In France, in recent years, highly qualified statesmen have declared in favour of European federation. In 1926, M. Louis Loucheur examined the European economic problems under the patronage of the Vienna Chamber of Commerce.[1] With his lively intelligence he sought for the causes of the present *malaise* in the pre-war period—the inordinate development of industry at the expense of agricultural production, the ever-increasing importation of the necessities of life to balance the growing exports of manufactured articles, the imprudent credits to customers. Examining in detail the conditions necessary to create the United States of Europe on an economic basis, he proposes an organization conceived primarily on the *horizontal* plane. The production of coal, for example, being unregulated, M. Loucheur recommends its regulation by an international agreement adjusted from month to month by a central commission. Where there is an important general slowing-down, coal production can be proportionately reduced; if on the other hand, there is industrial expansion, an increased production can be organized. As a result of such agreements, the customs problems would become less acute. Egoistic national protectionism would give place to a sort of international protectionism.

The same thing applies to the automobile industry. America, M. Loucheur explains, has been able with a population three times as great as that of France, to build powerful factories, some of which produce as many as five

[1] *Problème de la co-opération économique internationale.* Editions de la *Revue Mondiale,* 45 Rue Jacob, Paris.

thousand cars per day, manufactured at a very low price, in spite of very high wages. Moreover, in spite of tariffs, the American automobile has invaded Europe. As a result of proposed "horizontal" agreements, in certain countries of Europe, some of the factories might be able to reduce their cost price without destroying the other factories producing and selling at luxury prices; this, at least, is M. Loucheur's idea. According to this theory European federation would lead to the rationalization of Europe and to the concentration of big business.

M. Loucheur quotes the steel cartel, of which we shall have more to say, as an example of these future organizations. Already we are able to perceive the main lines of his theory. The suppression of tariff boundaries and the institution of free trade among the European countries, according to him, would create a disturbance which would lead to revolutions. The goal cannot be reached at once. For the moment we must advance by stages: *rationalize* production, establish limited agreements in the various industries *by government action in the general interest and not only on the initiative of the producers acting in their private interests.* No further duties have been declared on steel since the advent of the cartel, although this cartel remains open to criticism because it is itself uncontrolled. Intra-European, or even international, cartels for wheat or coal would be of the greatest value.

In reply to an inquiry set on foot by the newspaper *Le Capital* (February 14th, 1930) M. Joseph Caillaux, in his turn, advocated the establishment of a vast European mar-

ket and lent to the Pan-Europeans the weight of his authority. He pointed to the dangers of the protectionism which has been developing since 1880 and advocated the substitution of a reasonable free trade for the "orgy" of tariffs. To arrive at this result we will have to create new concepts, to convert the masses and their leaders, to agree to the suppression of superfluous and artificial industries, to recognize that an economic *rapprochement* of the nations will cause a certain displacement of wealth and "reduce many a blast-furnace to the condition of a romantic ruin," to foresee a certain amount of suffering. "I am convinced," writes M. Caillaux, "that 'unite or disappear' is the inexorable dilemma for Europe." We are told again that for the indiscriminate and unregulated production of all goods we must substitute *rationalization*. We shall return later to the advice given us by the ex-Prime Minister to be content with small results at the outset in order to prove the effectiveness of the method. M. Caillaux, like M. Loucheur, does not believe in the possibility of suppressing the customs suddenly. He would be satisfied with "the institution of a European economic code of which the two essential articles would be the regulation of the so-called 'sanitary barriers' which hypocritically aggravate the tariff obstacles, and the closing of European markets to all products, the exportation of which is directly or indirectly subsidized." It certainly is difficult to see why the Government of Chili should grant its wine growers a bounty amounting to nearly 15 cents per gallon in order to invade the European market.

M. Joseph Barthélemy, member of the Institute, gives his support to M. Briand's programme and to the idea of European federation.[1]

In Belgium, M. Hymans is no less favourable than the French politicians, Loucheur and Caillaux, to the plan of rationalization. He, too, is mainly preoccupied with the economic difficulty, the progressive restriction of the overseas markets, to which the old continent sends its excess products and its surplus population. He notes the increase of unemployment and the crisis in agriculture. We find him doing his best to defend the conclusions of the International Economic Conference of 1927, and praising "economic disarmament" and a tariff truce. With Mr. Graham he proposes that at least we should agree not to increase tariffs and he points out very soundly the excellent effect which would be produced on the economy of the whole world by a European agreement, though he does not disguise the complexity of the project.

A large body among the leading spirits of Europe's youth devotes itself today to the achievement of the lofty teachings of Kant. At the head of this intellectual group it is only fair to put Count Richard N. Coudenhove-Kalergi, the man who has certainly done most in recent years for European federation. In an article in the *Journal de Genève* published on September 9th, 1929, he summarized his programme, proved the illogicality of the present state of Europe, criti-

[1] *Le Petit Journal*, September 28th, 1929.

cized the old fiscal empiricism and proposed a *rationalization* of labour in the old continent. Failing such a plan, he said, we should soon see the formation of two international factions, one demanding the revision of the Treaty of Versailles, the other standing for its provisions. On the other hand, there would be a danger of social revolts provoked by insufficient wages, unemployment, poverty, and the comparison between European distress and American wealth and prosperity. Unless Europe, confronted with American rationalization, will rationalize herself, Coudenhove regards her as threatened with bankruptcy. "For the League of Nations," he adds, "Pan-Europe is the way towards Universalism. Only in this way will the United States find the road to Geneva." Count Coudenhove has developed these ideas in a series of works which are the best existing manual for the Pan-European worker; it is impossible to praise too highly their precision and lucidity.[1]

The International University Federation for the League of Nations discussed the problem of the United States of Europe at its Council in March 1930.[2] The young men declared their willingness to fight against the nationalist spirit still so active in many countries. "At the heart of the European problem," they said, "there is the eternal opposition: unity, diversity. Only one means of reconciliation exists: Federation." M. René Cassin, French delegate at Geneva, conveyed the support of many ex-soldiers. M. Gaston Riou

[1] See, for example, *Paneuropa, 1926*. Paneuropa Verlag, Vienna and Leipzig.
[2] Report by M. André Bossin.

has written an arresting book, *Europe, ma patrie*. M. Jean Luchaire has written a booklet for the propaganda, *Vers les Etats Fédérés d'Europe*,[1] in which he clearly analyses the various elements of a problem which M. Georges Valois had already treated in the same series. He appeals to the "young sets" and we must admire the vigour of these generations, impelled by the recent war to reflection and to an examination of the general conscience. The chapters on the part played by Great Britain in this federation, and on the friendship of the future federation with America, display a remarkable strength of mind. M. Pierre Cot, deputy, from his point of view writes and fights for the formation of the European federation within the framework of the League of Nations.

All over the old continent, indeed, men are rising up to declare that the Union of Europe is no more than a continuation of the historic development marked by the passage from the clan to the city, from the city to the province, from the province to the nation.

In September 1929 Herr Koch, German delegate at Geneva, president of the Democratic Party, former Minister of the Interior and of Justice in the Reich, declared that partisans of Pan-Europe constituted a large group in his country. The Englishman, H. G. Wells, wrote to the French paper,[2] a series of articles overflowing at once with

[1] Les Cahiers Bleus, No. 28 of August 31st, 1929.
[2] *Le Quotidien*, March 19th, 1930, and subsequent issues.

humour and enthusiasm and also full of irony, in which by a succession of arguments, a little rapid no doubt, he supported the idea of a Federation of States. Moreover in his book *The Open Conspiracy* had he not already shown how by a new ideal we might ennoble modern existence? Had he not called for a great inquiry, supervised by a bureau of information and counsel, on the resources of the world? "Man," he ventured to say, "is still but half born out of the blind struggle for existence, and his nature still partakes of the infinite wastefulness of his mother nature." A great need for order torments the consciences that have remained young and fresh, the free spirits whom tradition has taught without suppressing, those who believe in the necessity of organizing life on new principles in accordance with the almost marvellous progress of science. And human intelligence will not succeed in imposing order upon the remaining chaos in present-day society without an initial act of will, without that enthusiasm which runs through the writings of the forerunners.

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Chapter Three

PRESENT POSITION OF THE PROBLEM

AND now, how does the problem present itself in this year of grace?

The idea at present being discussed in all the countries of Europe was developed by M. Aristide Briand, Prime Minister and Foreign Minister of France, in his speech at Geneva on September 5th, 1929, to the tenth Assembly of the League of Nations. His words are sufficiently important to be quoted from the official report. M. Briand said:

> My friend and colleague, M. Hymans, dealt in the course of his remarkable speech with another delicate problem which the League has taken up and about which it has collected very valuable and interesting data. I refer to the problem of economic disarmament, for we have to secure not only political but also economic peace between the nations.
>
> M. Hymans suggested certain solutions which I personally am prepared to consider sympathetically. But here again, I would venture to say, the League must make up its mind to act with resolution. It must not approach these questions timidly, awed by the difficulties inherent in the task.
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> I do not think a problem such as this can be solved—really solved, from the standpoint of economic peace—on purely technical lines. We must, of course, have technical advice; we must consult experts and respect their views, and realize

that our work has to be based on sound and solid data. But to leave the solution of these problems to technical experts alone would mean resigning ourselves to coming back to the Assembly, year after year, only to deliver eloquent speeches and to record our many bitter disillusionments. Only if they deal with it themselves and consider it from the political standpoint will Governments succeed in solving this problem. If it is allowed to remain on the technical plane, private interests will step in to combine or compete with one another, and no general solution will ever be found.

Now, with some slight misgiving—I might say, with a feeling of anxiety productive of a certain fear which you will forgive in me—I have to approach another problem. I have been associated of recent years with active propaganda in favour of an idea that is politely described as magnanimous —perhaps in order to avoid terming it rash. This idea, which was first conceived many years ago, which has haunted the imagination of philosophers and poets and has won for them a certain *succès d'estime*—this idea has now forged ahead in virtue of its own intrinsic worth, and has been seen at last to supply the answer to a real need. Propagandists have united to spread it abroad, to establish it more firmly in the minds of the nations, and among these propagandists I stand confessed.

At the same time, I have never closed my eyes to the difficulties of such an undertaking, nor failed to realize the doubtful expediency, for a statesman, of plunging into what might readily be termed such an adventure. But all man's greatest and wisest acts, I think, contain some element of madness or temerity. So I absolved myself in advance and went on; but I proceeded cautiously. I realize to the full the

dangers of over-hasty action, and I do not deny that the problem is perhaps outside the scope of the League's programme. It bears a relation, however, to that programme, for, ever since the Covenant was framed, the League has called for international reconciliation and urged the formation of regional associations, even on most comprehensive lines.

I think that between peoples constituting geographical groups, like the peoples of Europe, there should be some kind of federal bond; it should be possible for them to get into touch at any time, to confer about their interests, to agree on joint resolutions and to establish among themselves a bond of solidarity which will enable them, if need be, to meet any grave emergency that may arise. That is the link I wish to forge.

Obviously, this association will be primarily economic, for that is the most urgent aspect of the question, and I think we may look for success in that direction. Still, I am convinced that, politically and socially also, this federal link might, *without affecting the sovereignty of any of the nations belonging to such an association,*[1] do useful work; and I propose during this session to ask those of my colleagues here who represent European nations to be good enough to consider this suggestion unofficially and submit it to their Governments for examination, so that those possibilities which I see in the suggestion may be translated into realities later—perhaps at the next session of the Assembly.

M. Briand thus took up again, in order to introduce it into the sphere of realities, an idea which hitherto had

[1] Our italics.

been confined to the domain of theory. He admitted—and we repeat it after him—that the enterprise involved an element of anticipation and of the hypothetical, that it is an act of faith. But, placing himself within the French tradition which holds that ideas can create facts and that the world must not be handed over to blind fate, he invited his colleagues to meditate upon a plan of European federation or co-operation. From the beginning, as a true statesman, he saw the danger to be avoided and pointed out the necessity of preserving the sovereignty of the various countries that will be invited into the federation. This marks the essential difference between this conception and that of certain *Internationals* which would suppress Fatherlands in order to substitute abstract nations having contact with neither history nor life.

The idea was very much discussed, as fruitful ideas always are. A section of the German press, as, for example, the *Norddeutsche Allgemeine Zeitung,* reacted promptly and violently, making its appeal to the inevitable hostility of Great Britain and America and the system of walls constituted by the tariff barriers, while the *Vossische Zeitung* gave a cordial welcome to this hope, pointing out quite correctly that a lasting union of the European peoples required that a Franco-German entente be first organized. Some of the English newspapers published articles which were really very enlightening. *The Daily Express,* for example, protested strongly against any idea of European federation, on the ground that the British Empire ought to form a complete economic unit stronger

than America and stronger than Europe. I must quote a part of this article because it marks what is perhaps the most resolute opposition which has been offered to the generous programme of M. Briand:

> Our people have no more intention of being a part of Europe fiscally than politically, nor does it in the least fulfil their conception of national economic destiny that Great Britain should be little more than a State in the American Union.
>
> We are called to a higher future than that. Let us think of the British Empire, and let us organize the British Empire, as a single economic whole. Let us link the boundless productive capacities of the Dominions and the Colonies with the pre-eminent manufacturing resources of Great Britain in an impregnable and mutually profitable alliance. Let Great and Greater Britain find their first and widest markets in buying and selling among themselves. Then their security will be complete, their prosperity without limit, and the welfare of each part of the Empire will be the welfare of the whole.

The first effect then of M. Briand's speech was to provoke certain reactions. The argument of *The Daily Express* was supported by *The Evening Standard, The Morning Post* and *The Daily Telegraph*. M. Briand invited his European colleagues to the historic luncheon on September 9th. That is one of his methods; it was also one of the favourite means employed by Talleyrand. "Give me good cooks," he said to his King, "and I will look after the rest." Before his guests had gathered an important event had

taken place. Dr. Stresemann, in his turn, mounted the tribune of the League of Nations and, protesting against the pessimists and recalling that the most fruitful doctrines have often been regarded at the outset as follies, declared that the project of a Pan-European Union could be realized. He pointed out how much there still remains of the outworn, the archaic, the medieval, in our various countries. The new States created by the Treaty of Versailles, he declared, have not been incorporated in the economic system of Europe. It is not only frontiers that have been multiplied, but economic barriers and transport difficulties. *Europe is still a sort of hucksters' market, doing business alongside the vast world emporium.* We must put an end to this state of affairs. We must create new links, a currency, uniform postage-stamps. The existing diversity is not only injurious to European commerce, it is incomprehensible to the continents across the seas, as it is sometimes to us. M. Benês expressed himself in the same sense.

Twenty-seven European states welcomed the Premier's proposals and promised to take the problem in hand while M. Briand undertook to prepare a memorandum for the eleventh assembly of the League of Nations.

The propagandists of the Pan-European idea soon set to work. We were of their number. Addresses to important gatherings at Vienna, Berlin, and Prague proved that public opinion was ready to welcome an idea so generous and so full of promise for the future of Europe. At Prague M. Benês described and explained the proposals he had made in September at Geneva. It is a fine thing to hear a

subject of such importance treated by a man who has carried so heavy a burden of responsibility:

I do not hesitate to say that, impassioned Czechoslovak patriot that I am, and standing as I do for a concordance of the Slavonic nations, I am a fervent advocate of Pan-European *rapprochement* and collaboration. *The only issue for us today, is this: either we work to form a sort of new union between European States and nations, as much from the moral point of view as from the economic and political, and we establish the closest and most permanent collaboration possible, or else we shall always be living in danger of difficulties, conflicts, and perpetual crises, ending in wars and catastrophes in which European culture will be submerged.*

It is from every point of view necessary that we should choose the first of these alternatives. It is not only a question of the personal conviction of this or that statesman, but of *the immediate and vital interest of every people and of every state.* The League of Nations is certainly an important expression of these tendencies on the largest international scale. International collaboration in favour of peace finds expression in this institution to an extent that it was impossible to foresee ten years ago.

It is within the framework of the League that a new union of humanity is being formed and a great number of new associations with a social and moral objective are developing and an ever higher level of constructive international co-operation is being established. But, what is particularly important is that the new means for the solution of conflicts and differences between nations and States—solutions by the method of conciliation and arbitration—are acquiring, thanks

to the League of Nations, an ever-increasing degree of actuality and are incorporating themselves in world-politics with a moral and material force that no government of a civilized community today can overlook.

The Pan-European idea, while remaining subject to the laws and the organization of the League of Nations, aims at the closest peaceful co-operation in the economic and political sphere among the different national States, within a definite framework whose limits are fixed by the geographical unity of the continent of Europe. It sets itself to create a European association on the basis of a community of more or less identical political and economic interests, while fully safeguarding and respecting the special racial and national characteristics of the various States, as well as the original character of their national culture, which is the expression of the most precious treasure of human culture in general.

I do not deny the difficulties of this great scheme; for the idea itself deserves to be deeply studied, defined, and expressed in concrete terms. I know it will demand a long and incessant labour and that it will be necessary to surmount very difficult and complicated obstacles. Yet I cannot doubt the value and the urgency of the scheme, in the realization of which all ardent and enthusiastic hearts, inspired by a sincere sentiment of humanity, should unite with calm and reflective minds which never lose the sense of political realities. Such is the rule to which I try to conform and it is in this spirit that I should always work for the realization of this great idea.

M. Benês defines and confirms the programme of M. Briand. The new enterprise must carry on its work within

the framework of the League of Nations, not with the idea of taking the place of the great organization of Geneva, but in order to help in its work.

How are we to render the idea more clear? By analysing it, naturally, into its component parts. In all departments of thought, whether we are concerned with pure science or with politics, progress consists in passing from synthesis to analysis. That is what Descartes taught in lessons which have lost none of their value. No more useful guide could be formed for the study of the organization of a European federation than the precepts laid down in the *Discourse on Method*. "The first was to accept nothing as true that is not clearly and distinctly perceived to be so, to the exclusion of all possible doubt. . . . The second, to divide each problem into as many parts as possible; that each part being more easily conceived, the whole may be more intelligible. The third, to conduct the examination systematically, beginning with objects the most simple, and therefore the easiest to be comprehended, and ascending little by little to knowledge of the most complex order. And the last, to make such exact enumerations and such complete reviews as to be certain that nothing essential has been omitted."

The Chancelleries, in studying the problem presented to them by M. Aristide Briand, would do well to study these four rules. That is apparently what the Federal Committee of European Co-operation thought when it ad-

dressed the following questionnaire to its national committees:

I (a) Should European co-operation be extended beyond the economic field into the political?

(b) If so, should the political goal be:

(i) A Unitary State?

(ii) A Federal Government?

(iii) Units included in a wider unit such as in the present system of the League of Nations or the British Commonwealth?

II Should the European co-operation contemplated by the Committee include:

(a) The Soviet Republic?

(b) Turkey?

III Should the European co-operation contemplated by the Committee include a collaboration with:

(a) The self-governing Dominions of the British Empire and India?

(b) The non-self-governing Dominions of European States which possess a representative government?

(c) The colonies and dependencies of European States whose Government is controlled by the Motherland?

(d) The United States of America and other parts of the world?

And what form should this collaboration take?

IV Is it necessary to contemplate regular conferences of the Foreign Ministers at Geneva under the auspices

of the League of Nations for the consideration of questions of European co-operation?

V Do you approve:

(a) The recommendations of the World Economic Conference of 1927?

(b) The tariff-truce proposals of the tenth Assembly of the League of Nations?

Can we look forward to the conclusion of collective commercial treaties open to the signature of the European States? What will be the most appropriate means of reaching this goal?

VI Should the field of European co-operation contemplated by the Committee embrace in addition to economic problems the following questions:

(a) Questions of public and private law?

(b) Education?

(c) Land, sea, and air transit and communications?

(d) Posts, telegraphs, telephones, and wireless?

(e) Public works?

(f) Credit and currency?

(g) Public health, physical and moral hygiene?

(h) Police?

(i) Agriculture and fisheries, including economic biology?

(j) Migration?

(k) Labour conditions?

(l) Other specified administrative questions?

VII In order to examine these questions more deeply and to co-ordinate the results of such an examination should there be set up:

(a) A research board?

(b) If so, should efforts be made to secure a government subsidy for such a board?

(c) Would it be wiser, in the former event, to charge one or more persons with the duty of drawing up a report on the above questions?

(d) Have you any other proposals to submit which seem to you to be preferable to those named under (a) and (c) for the study of these problems?

The French committee holds that European co-operation should apply not only to economic problems, but to the political and administrative, intellectual and moral life of the peoples of our continent. Meanwhile, to the extent that it remains firm on this principle it feels compelled to exercise prudence in answering questions bearing on the ultimate forms that the Governments of Europe may be led to give in the future to their progressive collaboration. This is a time not for dreaming about Europe but for achieving it.

The French committee interprets the proposed work in a broad sense, and believes it to be possible of achievement only through a general programme of solidarity and justice by the action of the governments themselves, by means of treaties. But the French committee takes pains to guard against the suggestion of hegemony favouring the power of any special alliance. What it is looking for is an entirely new formula:

It seems to us that no appeal can be made to any historic or existing model, either in the case of States that have become progressively unified, like France, Great Britain, and Italy, or of Federations of States so dissimilar as the United States of America, the Swiss Confederation, or the German Reich, for example. Neither can we argue from more recent and flexible, but equally diverse institutions, such as the British Commonwealth, the Union of Soviet Socialist Republics, the Pan-American organization, and the experiments of the Little Entente or the Scandinavian States. The League of Nations has a code peculiar to itself of which it does not seem appropriate to discuss the application to a European union. The multiplication of procedures and forms indicates that organizations of this kind do not precede the groupings which they regulate, but follow them, and often at long intervals. Only the future can progressively make clear what institutions are capable of approaching the ideal end in view of which we hope to carry on a practical and progressive experiment in European solidarity.

These last declarations of the French committee [1] will naturally appear more precise in their negations than in their affirmations. The formulas employed retain a philosophical and abstract character, and perhaps even a certain degree of obscurity. It will be necessary for us to speak more plainly. On the tariff question the same committee is extremely reserved:

The tariff truce, indispensable though it is, cannot be finally brought about until the common exploitation of a

[1] 107 Boulevard Raspail, Paris.

new field of expansion has eased our relationships and substituted collaboration for struggle.

A common nomenclature for customs and the conclusion of collective commercial treaties, open to the signature of the various European States, appear to be the first steps recommended for a concerted lowering of tariffs.

It seems wise to begin by seeking an agreement among the most industrialized countries of Europe. Their heavy industries usually produce the same objects with the same machinery; they have the same sources of raw material and the same customers. Consequently the tariffs of other countries affect them in the same way. On the other hand, their mutual exchanges are equal to roughly seven-tenths of their exchanges with the rest of the world. Under these conditions, it seems that an understanding for the adjustment of their tariffs would be relatively easy and would be a happy preliminary to common negotiations with their common providers and customers.

Nevertheless, such an understanding ought to be preceded by individual negotiations with a view to substituting a new field of action for the present restriction of European markets.

So far as the limits of European co-operation are concerned, the French committee declares itself ready to support any enterprise which aims at "substituting for the present discord and dissipation of effort the harmony of a European civilization." It is ready to support the codification or even the unification of certain legal codes.

"It would be desirable," according to the committee, "to study what has already been done in the way of codification and unification, as well as what is in course of execution or has been projected, whether it be on a Eu-

ropean scale, or what may be called a 'regional' scale (Scandinavian laws, the Franco-Italian code of obligations, the projected Austro-German penal code and the pan-American code of private international law, linking seven or eight of the republics of Latin America), on the federal order (e. g., by the American Commission of Uniformity in State laws), or, on the other hand, classified according to the subjects: labour laws, penal law, legislation affecting finance, industry, commerce, the rural areas, the sea, the colonies, intellectual property, aerial transport, radio, and so on."

Here is, in our view, the most remarkable part of the French memorandum, the richest in practical suggestions:

> So many authoritative efforts have been undertaken in this direction that it is desirable to make a general survey and to attempt to secure systematic collaboration between the *official institutions* on the one hand, and *private associations* on the other. Among the former are such establishments as the International Labour Office (Geneva), the Institute of Intellectual Co-operation (Paris), the International Institute of Agriculture (Rome), the International Institute for the Unification of Private Law (Rome), the Foreign Legislation Office (Paris), the International Industrial Relations Association (Berne), and the United International Bureaux of Industrial, Literary, and Artistic Property (Berne). Among the important unofficial agencies are the International Association of Criminal Law, the International Maritime Committee, the International Law Association, the International Intermediary Institute (The Hague), the International Parliamentary

Conference of Commerce, the International Institute of Commerce (Brussels), the International Legal Committee on Aviation, the International Wireless Committee, and so on. There are also various official and voluntary conferences and congresses, such as the next *Juristentag* to be held in Paris in 1931. . . .

This memorandum says further:

It may become necessary to consider the unification of laws *at their source* when this agreement is possible. Certain parliaments in Europe already have intelligence services, and receive particulars of foreign legislation, making possible a comparative study. By the general adoption of these means, assuring a link between the various centres, we may often avoid, where international legislation is concerned, the long delays of diplomatic conferences and in the ratification of conventions.

The same breadth of view is show in the matter of intellectual and artistic culture:

For Europe to retire within herself would be to display a singular forgetfulness of what she owes to Oriental civilizations, a regrettable failure to understand what European civilization has already received and may still expect from the collaboration of the other continents. In what way, however, can the organization of neighbourly relations between academies, universities, libraries, and museums compromise the

future of world culture? On the contrary, the way will be all the better prepared for intercontinental relations if the European nations have already arranged more rapidly and suitably for the exchange among themselves of professors, students, manuscripts, books, instruments, works of art, and so on, the distribution of scholarships and bursarships, the standardizing of diplomas, agreement in scientific research, explorations, excavations, the distribution and checking of theses, control of translations, organization of exhibitions, stage plays, musical and radio performances, et cetera, et cetera.

This European collaboration is based upon the experience of ten centuries, and it will continue the great current which, in spite of so many adverse circumstances, has run through the Middle Ages to the Renaissance, from the Reformation to the philosophical and political revolutions of the eighteenth and nineteenth centuries, through romanticism to the transformation of the sciences in the nineteenth and twentieth centuries.

Already the breadth of the programme has become apparent. Naturally the material organization (posts and telegraphs, wireless, public works, transport, credit and currency, public health, physical and moral hygiene) seems easier and more urgent than the spiritual organization. The problem of emigration and that of labour conditions cannot fail to be simplified by a common study in which the various European states unite their resources and reveal their needs. Such an organization we can readily believe must tend to increase the well-being of the workers as has been done in the United States.

Let us complete this first attempt to get an orientation by consulting the reply of the German committee. It favours the forming of a Federation of European States, whose principal aim should be to assure to these States the security and liberty of their economic and cultural development, and to accord to them, through the progressive suppression of intra-European barriers, the same economic advantages as the great undivided territory of the United States of America offers to its inhabitants.

We are moved to admiration by the spectacle of the leaders of the young Republic showing such freedom of thought and reacting against the false teaching of so many years of imperialism. To appreciate the implications and the courage of this effort we must remember the tendencies of generations brought up on the teachings of Heinrich von Treitschke and the Pan-German writers of the nineteenth century. We joyfully welcome the confirmation of the hopes expressed by Charles Andler in his Preface written in 1915,[1] when he appealed to modern Germany to undertake the task of self-criticism, to return to the tradition of Kant and Beethoven, of Goethe and Schiller, of Ludwig Börne, of Heine, and all the "good Europeans." Behind the heavy and pedantic façade of Cologne Cathedral there is hidden, under the arches, between the stained glass windows, a chancel surrounded by a crown of chapels which recall the Church of Amiens and the spiritual community of the old Europe. Sovereigns have

[1] Andler, Charles Philippe Théodore. *Pan-Germanism, Its Plans for German Expansion in the World.* (In English) Paris, A. Colin, 1915.

tried to abolish that community since the days of the Holy Roman Empire. Dietrich von Bülow teaches that it is the fate of the little States to be swallowed up by the great empires and that Europe will one day be distributed among certain great Powers. "The sooner Europe is shared among certain countries separated by their natural frontiers, the sooner the reign of eternal peace will be established. It is to be hoped, therefore, that this salutary operation will be accomplished as soon as possible." [1] Friedrich List justified war and praised the system of alliances. Treitschke set in opposition to one another morality and politics, conscience and will. Lagarde wanted a dominant Central Europe. We should think well of men who have thrown off such an accumulation of imperialistic doctrines.

The German committee demands protective measures for the less favoured economic territories. We have, in fact, to recognize at once that among the principal difficulties of the project is the unequal development of the various nations. I welcome the care taken by the committee, in its reply, to lay aside dogmatic theories and to seek for the conciliation of interests by mutual understanding. In agreement with M. Briand and with the French group it proclaims: No unitary State, no United States of Europe. In the Federation each state must be autonomous, retaining its own peculiar genius. Let those come into the Federation who desire to do so; in this way the problems presented by Russia and Turkey will be solved. Even if

[1] Bülow, Dietrich von. *The Spirit of the Modern System of War*. Tr. by C. Malorti de Martemont, London, T. Egerton, 1806.

Russia desires to remain Asiatic, let us build bridges, not barriers. As for England, she is necessary in the Union—absolutely necessary; we may reasonably believe that the Dominions will not oppose her participation. "It is better for the Dominions," writes the German committee, "that the English Motherland, which cannot change its geographical position, should find itself in a consolidated Europe, and not on a political volcano which is constantly threatening eruption."

The position of the German committee in the matter of colonies is worthy of special attention: "The emigrants from European countries which have no colonies, such as the Baltic, Scandinavian, and Balkan States, Czechoslovakia, Poland, Hungary, Austria, Switzerland, and the German Reich, should have free access to and equal rights in the colonies of those countries which have colonies and freedom to trade in their raw materials. Otherwise, the production and the trade of the countries without colonies will be so far inferior to those of the other countries that all efforts to establish commercial relations in Europe without tariff barriers will split on the rock of this inequality in the fundamental needs of economic life."

The German memorandum contains many other ingenious opinions. It points out that the unification of Europe would lead the United States into the League of Nations and that the scheme might in this way not only confirm but enrich the existing organization for peace. It favours the application of the programme to conditions of transit, and also the co-operation of credit banks, in or-

der to arrive at "a European Currency Association." It holds that the future confederates must give their attention to unemployment, that in the legal sphere it will be necessary "to pay attention at the very outset to the legal status of foreign individuals and corporations, this being a condition for the systematic development of legal protection for the material and intellectual property of foreigners."

We have taken only the first steps on the road that must lead us to the establishment of a programme for European federation, and already we find ourselves besieged on all sides by ideas attractive by the richness of their promise. There are, so to speak, no limits to the work which a *European Juridical Association* might undertake in facilitating travel by individuals and in giving security to material or intellectual production. It is the same with education, public health, the fight against epidemics.

> The political *entente* is the necessary condition of a systematic co-operation in the spheres of economics and transportation. Conversely, economic co-operation will facilitate the political co-operation of the European States. The consciousness of a community of interests and of a permanent destiny will be strengthened by co-operation in great creative works, conceived and carried out in common for the service of common interests, and they will soon find in such a European co-operation a greater security than in the maintenance of instruments of war. The German committee proposes to study the question whether a European defence organization will not be sufficient to overcome the still existing possibilities of

war. In principle the German committee replies in the affirmative to this question. The preoccupations with security and the ideas of power and prestige which still oppose a general disarmament must be surmounted. This will be accomplished all the better if it is realized that the general disarmament of nations does not create defenceless States, but simply affirms a European solidarity in which the sword that resists injustice and violence will be taken out of the hands of nations, only to be placed in those of the International Federation.

We are as yet only on the threshold of our inquiry. We have climbed to the summits to explore the horizon, to recognize the magnitude of the mass that we shall have to break apart, and also to gain the enthusiasm necessary for success in our enterprise. Now, let us return to the plain and study the land in detail.

Before going further, however, we must refer to two other important initiatives. One is contained in the memorandum of the Austrian National Committee to the International Chamber of Commerce.[1] This work takes note of a declaration by Mr. MacDonald before the tenth assembly of the League of Nations to the effect that any effort to direct the idea of the political State against economic obstruction would receive the support of Great Britain. M. Hymans, the Belgian Foreign Minister, for his part,

[1] Chambre de Commerce Internationale, 38 Cours Albert Ier, Paris, Document No. 3859.

protested against any aggravation of protectionism and proposed a tariff truce. After referring to the theses of M. Briand and Dr. Stresemann, the Austrian committee of the International Chamber of Commerce declared itself as favouring any action which might be taken for the reduction of tariffs. It drew up and submitted a draft protocol limiting the solution of the problem to the European States. This report, dated at Vienna, October 10th, 1929, is signed by the President, Friedrich Tilgner, and the Secretary, Richard Riedl.

The second is a report in April 1929 by the Scandinavian Initiative, aimed at the same goal. In 1926, this organization, from Copenhagen, approached the various diplomats to try to get in touch with the supporters of European federation. These well-intentioned men did not get many replies; they organized a propaganda and addressed themselves to M. Briand. They embodied their ideas and intentions in an *Outline of a Scheme for the Constitution of the United States of European Nations.*[1] This work, very conscientiously prepared, contemplates a common parliament. It examines the territorial extent of the union, to which would be admitted "all the European States, with their colonies and associated territories." It envisages the possibility of accomplishing the work in stages. In this scheme, the federation has a frankly political character, since the common parliament discusses and decides upon foreign affairs and upon the finances of the participating

[1] Roskilde, Denmark, March 1929.

countries. It would be unfair not to consider Dr. Heerfordt as one of the precursors whose advice we have asked, even though we reject from the outset any system which would deprive States of their sovereignty.

Chapter Four

GENERAL ECONOMY—THE CUSTOMS PROBLEM

M. ARISTIDE BRIAND, in his Memorandum on the "Organization of a Regime of European Federal Union" of May 1930, took up again the principles enunciated in earlier declarations and defined *the field of co-operation.* It contemplated nine categories of inquiry:

1 General Economy
2 Economic Equipment
3 Communications and Transit
4 Finances
5 Labour
6 Public Health
7 Intellectual Co-operation
8 Interparliamentary Relations
9 Administration

The twenty-six governments which gave France the mandate to proceed with the inquiry were consulted on this plan, and the above order is observed in the following discussion. In the first place we shall consider the rationalization of general economy or, in the words of the memorandum, "the effective realization, in Europe, of the programme drawn up by the last economic conference of the League of Nations; the control of the policy of industrial

unions and cartels among various countries; examination and preparation of all future possibilities regarding the progressive lowering of tariffs, etc."

Article XXIII of the Covenant of the League of Nations contains an essential provision which embodies the third of the propositions formulated by President Wilson in 1918. It says: "Subject to and in accordance with the provisions of international conventions existing or hereafter to be agreed upon, the members of the league (a) will endeavour to secure and maintain fair and humane conditions of labour for men, women, and children, both in their own countries and in all countries to which their commercial and industrial relations extend, and for that purpose will establish and maintain the necessary international organizations; (b) will make provision to secure and maintain freedom of communications and of transit and equitable treatment for the commerce of all Members of the League. In this connexion, the special necessities of the regions devastated during the War of 1914–18 shall be borne in mind."

The ideas expressed in a vague form in this Article inspired the conference opened at Geneva (October 1923) for the simplification of customs formalities and the resolution of the fifth Assembly (September 1924) which led to the convention of November 8th, 1927, for the abolition of prohibitions and restrictions on importations.

The most notable event was the gathering of the World Conference at Geneva in May 1927. This gathering owed

its existence to the resolution adopted by the Assembly in September 1925 on the proposal of M. Loucheur. It did not formulate an actual convention but it drew up a series of *recommendations* which aimed at introducing a spirit of good faith and mutual confidence into the economic relationships among nations. The resolutions of the Assembly and of the Council on September 24th and 27th and December 9th, 1927, instituted an Economic Consultative Committee to supervise the application of the principles recommended. An important work was undertaken with the object of unifying the nomenclature of customs. The programme, it is clear, seemed then, as it still seems, a formidable one. It aims at nothing less than a revolution, for it is necessary to transform the old traditional spirit of rivalry into a new spirit of co-operation.

The final report of the Conference was supplemented by a remarkable speech by M. Theunis at the closing session on May 23rd, 1927. The President called attention to the point at which the men of goodwill assembled at the Conference had arrived on their journey. International trade, they had proclaimed, must normally be regarded, not as the victory or defeat of either of the parties, but as the assurance of mutual benefits. . . . The maintenance of world peace depends very largely upon the principles whereon are based the economic policies of the several nations, and the conference called the attention of the nations once more to the heavy burden of military expenses, and the high taxation that they involve. In the matter of tariffs, it distinguished between *form* and *substance,* and advocated an

agreed tariff nomenclature to be fixed by conventions between the various States. It declared that "the time has come to put a stop to the growth of customs tariffs and to reverse the direction of the movement," to look upon this great problem as not belonging exclusively to the domestic interests of the various States, to endeavour to establish a common model for commercial treaties and for the interpretation of the *most-favoured-nation* clause. It was imperative, too, that questions of disputed interpretation should be settled either by arbitration or by the Permanent Court of International Justice.

The 1927 Conference broached the study of rationalization of industry and of international industrial agreements, deeming it desirable that future agreements be applied cautiously, so as not to injure the legitimate interests of workers. This study takes us to the very centre of the great task. We are able to estimate the advantages and the drawbacks of these agreements, useful but inadequate to cure our economic ills, and dangerous "if they encourage monopolistic tendencies and the application of unsound business methods." The problem which we shall have presently to consider is becoming defined. Cartels must not be allowed to lead to an artificial increase of prices, restrict the supplies of certain countries, inconvenience the consuming countries, and stereotype the existing distribution of industries. It is essential that these agreements should be *public*.

For the first time agriculture finds itself represented side by side with commerce and industry. The conference widens its horizon; it recognizes that the unbalance which

has arisen between the prices of agricultural products and those of manufactured products causes a general depression and that "unless practical measures are taken to restore the price equilibrium, it is to be feared that sooner or later there will be a diminution in agricultural production detrimental to the welfare of mankind." A complete modern organization of agriculture is discussed: spread of technical methods, common action against diseases affecting plants and animals, extension of co-operation and credit, application of social laws to the rural areas. Summing up all this magnificent work, M. Theunis was able to say: "After the terrible calamity experienced by Europe, the results of which have been felt throughout the whole world, we cannot expect that order will be restored as if by magic. But whether the fruits of our labours are gathered by ourselves or by those who succeed us, we are animated by the firm determination to unite our efforts to those of friends who share our hopes, our enthusiasm, and our ideals."

On the special subject of customs tariffs, the 1927 Conference recommends: (1) the simplification of tariff headings; (2) the unification of nomenclature; (3) stability. It recommends "that nations should take steps forthwith to remove or diminish those tariff barriers that gravely hamper trade, starting with those which have been intended to meet the effects of disturbances arising out of the war." It gives a whole list of measures to be taken for the rationalization of industry. It sets agriculture apart—the occupation of the majority of workers throughout the

world. "The agricultural population," it says, "remains for humanity a reservoir of energy capable of preserving the nations from the rapid human wastage which may result from any excessive growth of industry." It should be noted that the Soviet delegation voted (adversely) on certain ones of the final resolutions. The report was presented and moved by Dr. Stresemann.

The 1927 Conference has been the subject of numerous commentaries. M. René Hoffherr,[1] in particular, pointed out that its effort was linked to the initiatives of the Entente Powers during the late war and that it was impossible to establish a law of peace without an economy of peace, as Professor Edgard Millaud had already argued in 1925. He noted, too, that the Conference had taken on a character which was much more European than general. Naturally; the phenomenon of unemployment belongs to our continent, like the problem of emigration. The economic disequilibrium affects principally Europe. The world production of raw materials and food-stuffs (China excepted) increased between 1913 and 1927 by from 16 to 18 per cent, while Europe's increase was not more than four or five per cent. The European share in the world's production of combustibles was 48 per cent in 1913 and had fallen by 1925 to 37 per cent; that of coal fell from 51 per cent to 47 per cent. As for metals, in 1913 Europe supplied 52 per cent and North America 42 per cent. In 1925 Europe's figure was 41 per cent and North America's 51

[1] *La Conférence Economique Internationale de Genève.* Librairie du Recueil Sirey.

per cent.[1] The Gautier Hermès Memorandum presented to the Conference reveals the further serious fact that the index figure of agricultural prices in 1926 was 129.8 while the general index of costs of exploitation reached 143.5.

As M. Elbel, Director of Commercial Agreements and of Economic Information of the French Ministry of Commerce, has observed in an extremely interesting report, general ideas remain in the world of abstractions in which only the select few interest themselves until the day when threatened material interests throw themselves into the debate. Suddenly, as a result of "certain grave warnings and certain bitter and notorious disappointments, Europe realized the dangers to which her own disorder, her lack of solidarity and of directing ideas, and her obsolete system of bilateral agreements exposed her, in face of the strongly organized United States, protected by a high wall of tariffs. Hence, during the years 1928 and 1929, as American protectionism developed, and certain parties in the United States announced their intention of conquering foreign markets, while excluding foreign products with increasing strictness from their own, a general movement of reaction became perceptible in Europe. This self-preservative instinct led the most threatened industries, as by a sort of reflex action, to seek their salvation in an international agreement which hitherto had appeared to them like the rather chimerical conception of a few visionaries."

At the Congress of the Federal Committee of Euro-

[1] According to Professor Gustav Cassel's memorandum, *Recent Monopolistic Tendencies in Industry and Trade*, submitted to the Preparatory Committee for the World Economic Conference.

pean Co-operation at Madrid in May 1929, M. Truchy, professor of the Paris Faculty of Law, strongly criticized a commercial policy conceived in terms of war, "with sudden attacks, surprises, and unscrupulous choice of methods." He advocated an organization of European production in mass and by various categories, the application in that great factory which is Europe of the principle of *division of labour,* as it is applied in all modern industrial enterprises, as a result of an evolution which has been perceptible since the beginning of the present century. Like all who have thought deeply on the problem, M. Truchy warned his hearers against being led into mysticism and making premature affirmations. "We must resolve," he said wisely, "to make our way slowly towards a distant goal, sustained by the certainty that any progress on this road, however modest in appearance, has its own value and helps to push Europe forward to better destinies." The speaker at the Madrid Congress associated his cause with that of the League of Nations and the International Chamber of Commerce. Then he outlined the programme of possible achievements in the matter of tariffs, displaying throughout the extreme prudence which makes the ideas and proposals of this learned specialist so valuable.

In June of the same year, M. Yves le Trocquer, French ex-Minister of Public Works, dealt with the customs problem at the European Centre of the Carnegie Endowment and produced new evidence to show the decadence of Europe. The figures which he quotes, taken from the International Statistical Bureau at The Hague, are striking.

For the year 1913 the total of world commerce reached 37,900 millions of dollars of which 25,700 were for Europe. In 1925, out of a world total of 58,500 millions, only 33,000 belonged to Europe. North American imports rose, in 1925, to 137.6 per cent, compared with 1913, and exports to 133.4 per cent; whereas, for Europe, imports fell to 93.7 per cent and exports to 84.1 per cent. M. le Trocquer advocates, then, the rationalization of Europe and above all the revision of her customs system. "The finest example of the scientific organization of labour that has ever been given," he says, "is furnished by the United States. Let an economic federation of the European States be formed according to their example. It should commence as a customs union, lowering the tariff barriers in Europe, with a view to their gradual abolition. And let the European Customs Union thus formed contribute to the lowering at the same time of the customs barriers of the United States." [1]

In September 1929 the tenth Assembly of the League of Nations was dominated by a certain uneasiness, in face of facts which indicated a violent extension of American power. M. Briand's proposal made a special appeal to countries with a free-trade tradition, Belgium and England.

On September 9th the Right Honourable William Graham, delegate of the British Empire, insisted in the first place upon the necessity of obtaining statistics by scientific

[1] *Union douanière européenne.* Publication de la Conciliation Internationale, 173 Boulevard St. Germain, Paris.

methods. Perhaps he remembered the famous remark of an English statesman: "There are three sorts of lies: lies, damned lies, and statistics." We have had frequent occasion to note that ourselves, in the course of preparing this book. Reliable data and fixed bases for comparison are lacking. Moreover, it is not enough that the League of Nations should pass resolutions. They must be adopted and acted upon by Governments and Parliaments. According to Mr. Graham, there were between 1920 and 1929 forty-five conventions voted at Geneva, of which twenty-two have remained dead letters.

The speaker subsequently touched upon the question, so important for England, of coal, and took occasion to define his views on the United States of Europe. Between 1886 and 1914, he said, there was a period of continuous progress in the coal industry. New mines were opened without any co-ordination of their activities or any check upon competition. After the war, following a period of artificial economy, there was an arrest of production. The fall of prices in the American market bore heavily on Europe, the mercantile marines of the world adopted oil fuel, while new technical processes and scientific machinery reduced the need for coal consumption; electricity, too, was developed, to the same general effect. Mr. Graham was led, like the Economic Committee of the League of Nations, to advocate an agreement among the European countries on the output and distribution of coal, and allied subjects. The various countries, according to him, ought to renounce artificial stimulants in the production

of coal, and straighten out the financial or economic difficulties of the industry.

Mr. Graham suggested the convocation of a conference to study this problem, and particularly the question of wages; and, referring to M. Briand's general proposition and the scheme for a European agreement, he touched more especially upon the customs difficulty. The map drawn up by an English member of Parliament, Sir Clive Morrison-Bell, shows clearly, from this point of view, the anarchical situation of Europe. There are more than twenty customs unions or divisions, and economic nationalism is installed everywhere. Mr. Graham—and we agree with him—followed Dr. Stresemann in declaring that a European federation, if it was to be successful, ought not in any case to be directed against the United States of America. He also touched upon the question of trusts, but, coming down to practical matters, he invited the Second Commission of the Assembly to draw up a scheme providing that there should be no increase of customs duties during a period of two years. During this period a wider solution could be sought.

M. Hymans, in turn, faithful to the spirit which had animated the Conference of 1927, addressed himself to the customs barriers. So shrewd a mind could not overlook the difficulties of the task. The economic positions of the States vary. Some have long achieved a considerable industrial development which they desire to safeguard; others remain agricultural and wish to enlarge the field of their production. Would it not be possible to unite at the

outset the States whose conditions were similar? Could not Europe be conciliated first?

On September 20th, Dr. Breitscheid, German delegate, communicated to the Council, to the Members of the League, and to the delegates to the Assembly, a lengthy report,[1] in which he noted with a certain sadness the moderate progress achieved. Germany, he said, intended to respect the declarations of Dr. Stresemann. She had lent her aid to the examination of the Belgian and English propositions. The Second Commission should call a conference to examine the proposal for a tariff truce, and the Economic Committee should draw up a preliminary draft.[2] The programme was (1) to give a sanction to the recommendations of the 1927 Conference, and (2) to ask the Governments concerned to declare themselves. The 1929 Assembly, in its turn, recommended that concerted action be taken, under the following conditions, by the Governments of the nations belonging to the League and of the States outside the League which might desire to take part. Here is the text:

I. The Assembly

(a) Has taken note of the results obtained during the discussions of the Economic Consultative Committee and expresses its appreciation of the persevering efforts of that Committee and of the Economic Committee;

(b) It is impressed by the importance of taking all pos-

[1] Economic Work of the League of Nations. Report and Draft Resolutions submitted by the Second Committee. Official No. A 68, 1929, II.

[2] International Conference for the Conclusion of a Tariff Truce. Preliminary Draft and Convention. Official No. C 519, M.177, 1929, II.

sible steps to carry into effect the recommendations of the World Economic Conference of 1927;

(c) It considers that no effective action will be possible in the future unless the Governments are now requested to examine in their turn the questions left in suspense by the Consultative Committee and by the Economic Committee, availing themselves of the work accomplished by those Committees to assist them in their decisions;

(d) The Assembly therefore recommends that concerted action should be taken under the following conditions by such Members of the League of Nations and non-Member States as may desire to participate therein:

(1) In order that this concerted action may be pursued on a firm basis and in an atmosphere of confidence, the Assembly recommends that States which are prepared to participate therein should agree not to increase their protective tariffs above the present level for a period of from two to three years, or to impose new protective duties, or create new impediments to trade. It is understood that this undertaking should not lead to any relaxation in the efforts which States are making to reduce their tariffs to the greatest possible extent by autonomous or bilateral action, in conformity with the recommendations of the World Economic Conference.

(2) The Assembly therefore hereby requests Members of the League of Nations and non-Member States to intimate to the Secretary-General of the League of Nations before December 31st, 1929, with or without the name of their representative, whether they are prepared to take part in a preliminary conference of delegates of Governments with a view to the conclusion of the agreement referred to

in paragraph 1 above, and to the establishment, if necessary, of a programme of subsequent negotiations for facilitating economic relations by all practicable means and especially by reducing hindrances to trade;

Requests the Council to instruct the Economic Committee to frame during its next session the text of a preliminary draft intended to serve as a basis for discussion;

On the basis of the replies received to the above invitation, the Council of the League of Nations shall decide, taking into account the number and character of States having replied in the affirmative, whether the diplomatic Conference referred to in paragraph 2 should be held;

Invites the Secretary-General to take all necessary steps to ensure that this preliminary Conference should meet at a date as near as possible to the end of January 1930.

(3) The Assembly recommends that, after the conclusion of the truce, the negotiations referred to in the first section of paragraph 2 above should be initiated between the States having concluded the truce. The latter may by common agreement invite any other State wishing to do so to take part in these negotiations.

(4) A final diplomatic Conference will take note of the results of the negotiations referred to above, will examine them, and will supplement them if necessary.

To this Conference all States without distinction will be invited.

Acting on its mandate, the Economic Committee drew up a draft convention, of which we quote only the first Article:

> Each of the High Contracting Parties undertakes, for the duration of the present Convention, to refrain from levying upon products of the other High Contracting Parties imported into its Customs territory any Customs duties or accessory charges on importation higher than those leviable upon the said products on . . . (date) 1929, either in application of the tariffs which such Party has established or in virtue of the treaties or conventions in force at the said date.
>
> Similarly, it shall not establish any accessory duties or charges on products previously exempt.

M. Loucheur, in the name of France, associated himself with the proposals of Messrs. Graham and Hymans.

We may well be surprised, in view of what has followed, at the slowness and poverty of the results obtained. A reflective mind, formed by the lessons of experience and by meditation on the facts of history, cannot fail to perceive that these successive manifestations of the same spirit since the Covenant of the League of Nations was drafted are logically connected with one another.

The resolutions of the sixth Assembly encountered very lively opposition. In France, for example, the organizations that were consulted were generally hostile, with the exception of the Comité d'Action Economique et Douanière. The preliminary draft, drawn up at Geneva, in spite of the juridical knowledge which inspired it, bore "traces of the obstacles that its authors had encountered in trying to adapt the movement and complexity of economic facts

to the rigidity of a set of principles." [1] After having pronounced in principle for the stabilization of tariffs for a period to be determined, it contemplated so many and such varied exceptions of fact and of law that the truce threatened to become almost inoperative. By stressing the difficulties of the task without resolving them it succeeded in making the idea unpopular in many circles. The French delegation in particular could not accept anything which was contrary to the interests of national production or do anything which might ruin the prestige of the economic organization of the League of Nations, somewhat shaken already by the quite recent setback of the Conference on the treatment of foreigners (November 1929), and by the half-success of the last Conference on prohibitions (December 1929).

Preparations were made for the Tariff Conference. In its letter of January 2nd to the Secretary-General of the League of Nations, the Belgian Government renewed its protest against the multiplication of tariff increases on the very eve of the Conference. "Such a policy, if continued," it declared, "cannot fail to produce disastrous consequences. With each increase of tariffs there are reprisals, and a state of tariff warfare is produced, which is destructive of the idea of entente on which the League of Nations is based. Economic progress is arrested and there is danger that the small nations may be suffocated inside

[1] Elbel Report, see page 79 *supra*.

their own frontiers." It is fair to the Belgian Government to say that to its honour, faithful to its principles, it has suspended for more than two years adjustments of its own tariff duties which were contemplated by the law and justified by the rise of prices. It has even proposed to its Parliament a certain number of reductions in customs and excise duties. France had written on December 27th, 1929:

> The Government of the Republic does not feel called upon at the present time to pronounce upon the preliminary draft for the Convention drawn up by the Economic Committee. It feels, however, that this document and the accompanying commentary set out, with certain gaps, the complex problems on which the Conference will have to pronounce. The French Government studies it with the desire to render possible the conclusion of a convention which, while taking into account the preoccupations of the various national economies, will reconcile the points of view of the countries represented at the Conference.

We admit frankly that this reply does not err on the side of excessive clarity.

The Italian telegram was hardly more encouraging:

> The Royal Government is disposed to participate in the Conference contemplated by paragraph 2 of the Assembly's resolution relative to the tariff truce proposed. In this regard I have the honour to inform you that the Royal Government proposes to examine fully the principal tendencies of the proposition, as also of the draft of a convention prepared by the Economic Committee, and that it does not consider itself in any way bound by this draft or by any subsequent prejudicial limitations and exceptions. I intend to communicate to

you as soon as possible the composition of the delegation. [Jan. 2nd, 1930.]

On January 13th the German representative, Dr. von Schubert, gave a list of the countries accepting.

> The Governments of the following countries are ready to take part in the Conference: Austria, Belgium, Bulgaria, Cuba, Czechoslovakia, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Holland, Hungary, Irish Free State, Italy, Latvia, Luxembourg, Norway, Poland, Portugal, Rumania, Spain, Sweden, Switzerland, Yugoslavia. Brazil and the Dominican Republic will send observers. The Governments of the Union of South Africa, of Australia, of Egypt, of India, and of New Zealand have replied that they do not wish to take part in the Conference. Belgium will be represented by her Minister for Foreign Affairs, Great Britain by the President of the Board of Trade, Spain by the Minister of National Economy, and Poland by the Minister of Industry and Commerce.

Dr. von Schubert called attention to the preliminary draft of the Convention prepared by the Economic Committee, pointing out that all the European States belonging to the League had agreed to take part in the work, with the exception of Albania and Lithuania. Only Cuba among the non-European countries had agreed to a full participation. The German delegate stressed the principles laid down by the Economic Conference of 1927 and expressed his satisfaction that this time at least the Governments were to be represented by departmental Ministers.

On January 9th Lithuania notified her acceptance.

The unfinished debate, which opened in the French Chamber on January 31st, 1930, showed how much opposition still existed to the idea of a tariff truce. Deputy Gignoux in particular argued that the problem of European federation presented itself above all as a problem of the organization of production. He opposed the purely industrial English conceptions, as the French position naturally attached most weight to agricultural needs. In his view, to approach the question of European federation through the consideration of customs duties was to begin at the circumference instead of going to the centre. M. Gignoux produced a strong impression on the Chamber by showing that the United States, being assured of the benefit of most-favoured-nation treatment, would obtain immense advantages from an intra-European agreement, without incurring any obligation.

The Conference opened on February 17th, and at the opening session M. Hymans, the active champion of the tariff truce, gave a new exposition of the doctrine, associating it with the resolutions of 1927 and 1929. The question has by now, however, entered upon the acutely controversial stage. Threatened interests defend themselves violently. There are fears of this truce, which would prevent impending tariff revisions and the reinforcement of protectionist armaments. Let us be frank: so long as the declarations of a World Economic Conference remained in the domain of theory there were plenty of plaudits for them. Acting upon them was a different matter! Each nation was ready to agree to sacrifice—on the part of its

neighbour. An assembly or congress is somewhat like a theatre audience, which glows with pleasure at the representation of all the virtues, but does not commit itself to adopt them.

M. Hymans spoke out. He administered a discreet reproof to the recent tendency to increase tariffs in anticipation of the Conference, and produced figures to prove that "in the last few years the continental States have, by a network of commercial conventions, largely alienated their freedom in the matter of tariffs. These conventions have been concluded for terms similar to those which might reasonably be contemplated in a tariff truce. While they are usually bilateral in form, their provisions have been given a more general application by the inclusion of the most-favoured-nation clause, and the regime they establish corresponds in fact to that which would result from a multilateral agreement." The remarkable fact is that it is precisely the States which have reserved their tariff liberty that are most ready to give it up. Thus M. Hymans took up the fight once more against the dangers of protectionism, against tariff armaments.

"In our time," he declared, "economics and politics are intermingled. . . . We cannot bring the idea of peace to maturity in an atmosphere of economic rivalry and war."

The trial opened and it continued without complications up to the incident of February 27th. On that occasion a French delegate, M. Daniel Serruys, intervened to declare that France did not accept, or did not accept any longer, the principle of the draft on which discussion was

taking place. This unexpected manifestation let loose a press campaign. France was accused of bad faith. The delegate, however, had spoken only for himself. "I affirm," wrote M. Elbel, one of the delegates from Paris, "that the French delegation has not at any time received a mandate to obstruct the discussion, and that it has never discussed the declarations made in its name on February 27th, declarations which took it by surprise." Several days were needed for the Assembly to collect itself and throw off the general impression of unease and discouragement. The incident was all the more vexatious because a prolonged ministerial crisis left the French delegation without any direction. M. Flandin, however, returned to the Ministry of Commerce, resumed the presidency of the French delegation, and established the programme permitting the continuation of the work, known as "the French plan."

It remains to add that at the moment of the Serruys incident, the French Committee of Studies for the European Customs Union, greatly moved by what had happened, addressed the following declaration to all the European Governments:

> The French Committee of Studies for the European Customs Union, *Believing*
>
> That the economic reconstruction of Europe is retarded and may be gravely compromised by the raising of tariff barriers, every increase in one country becoming the immediate cause or pretext of similar measures in other countries;

THAT the necessity of putting an end to this tariff armaments race, which causes high costs of living, is contested in principle by nobody, though whenever it is a question of passing from the principle to its application every one immediately draws back from fear of acting alone, or being duped;

THAT the idea of a tariff truce is a practical necessity for the nations, if they are to pass, so far as tariffs are concerned, from a state of war to a state of peace, to secure a period of respite during which tariffs will not be increased, and during which the States may, without fear of being taken by surprise, take counsel together on the most suitable measures towards a progressive reduction of tariffs;

THAT this idea can be realized only if the States concerned accept it in good faith and do not nullify its effects in advance by hastening to raise tariffs before the beginning of the truce; and

Recognizing the importance, in the present divided state of Europe, of the organization of production, of the multiplication of agreements and cartels subject to provisions for safeguarding the interests of consumers, as elements in the solution of the tariff problems, facilitating reciprocal concessions; but keeping in mind that, as laid down in the declaration of the Geneva Economic Conference of 1927, the immediate lowering of tariff barriers remains the prime condition of European economic reconstruction;

Expresses the hope:

THAT all the national delegations at the Geneva Conference will remain faithful to the principles affirmed at the World Economic Conference of 1927;

THAT all the States represented at Geneva will make sincere efforts to draw from the fruitful and sound idea of a tariff

truce the maximum of practical effect that the circumstances permit;

THAT, if it should appear impossible to establish at once a concerted action among all the States represented, a movement will be made in the direction of grouping the nations which have practically the same degree of economic development, an agreement among whom would therefore be less difficult;

THAT it should be understood that in such a case the arrangements made within any of these groups may not be invoked for the benefit of States that do not take part in them or accept their obligations, any claims under the most-favoured-nation clause notwithstanding; finally

THAT, as a condition of the sincere application of the tariff-truce idea, increases of tariff brought about since October 1st, 1929, will be considered in principle as null and void, subject to any arrangements concluded on this point in any of the aforementioned groups of nations.

For the French Committee of the European Customs Union,

President: YVES LE TROCQUER, Senator, Ex-Minister,

Vice-President: HENRI TRUCHY, Member of the Institute, Professor at the Paris Faculty of Law,

Delegate General: LUCIEN COQUET, French Councillor for Foreign Commerce.

The work was then able to continue, and the commissions became active. "Those," says M. Elbel, who was a witness of their activity, "who imagine the reunions at Geneva as peaceful assemblies . . . academic and rather sleepy, would have been surprised if they had attended

one of these evening sessions prolonged to two o'clock in the morning, if they had seen the corridor negotiations, the 'committees of eight' attended by forty, and the 'committees of three' at which a score of amiable collaborators were assembled, the polite and impassioned discussions at which there were displayed in turn the keen and picturesque subtlety of M. de Michaelis, the caustic common sense of M. Stucki, the sharp precision of M. Van Langenhoven, the balance of M. Posse, the smiling and phlegmatic tenacity of Sir Sidney Chapman, the alert elegance of M. de Nichl, the cordial diplomacy of M. Firlinger, the eloquence of so many others that I could name, and all dominated by the noble and attractive countenance of Count Moltke and the energetic and frank authority of M. Colijn, the Chairman."

M. Pierre Etienne Flandin on March 8th agreed with Herr Moltke in declaring that the essential work of the Conference was to fix a programme of negotiations with a view to the conclusion of collective agreements on general economic and tariff procedure. Hence the scheme of the Economic Committee; the tariff-truce plan was set aside; the *peau de chagrin* had shrunk again. Not that the idea was abandoned. The French Minister fully understands and explains how serious it would be to leave the States created by the war to turn, on grounds of security, to a complete economic autonomy. At the same time, he points out and emphasizes an indisputable truth, which dominates all the problems of European federation: an economic agreement is not possible without an

understanding on the question of security. "The monopoly of the home market is not a solution in Europe." M. Flandin brought forward a proposal, jointly supported by France, Germany, and Belgium, for the consolidation of the bilateral agreements already concluded. This was a very timid first step. The consolidation of commercial and tariff treaties, with notice in case of denunciation or augmentation, was all that was felt to be possible. Economic disarmament found itself confronted with the same obstacles as military disarmament, and egotistic realism gradually regained its advantages over constructive idealism.

It is true that a programme of future negotiations was established, and these difficulties had at least one advantage, in that they compelled an ever deeper study of the subject. We can see in what direction development is taking place. If we select a single industry, that of cotton, we find that British India, which in 1913 had only six million spindles, now has nine millions; hence, in some measure, the unemployment in Lancashire. The exportation of manufactured goods from Poland towards the East shows a decline from 450 million dollars per year to twenty million. Europe, from being a creditor, has become a debtor. Petroleum and hydro-electric power compete with coal. The capacity for consumption does not keep pace with the means of production.

It should be noted that it is precisely these conditions, to which M. Flandin directs our attention that confirm the need for rationalizing Europe, since they demonstrate

that a stage of development has been reached at which reform is necessary. At the same time they supply an argument for the further restriction of our efforts.

An agreement was finally reached at Geneva, and it was signed on March 25th by the representatives of eleven nations. It was embodied in three texts—the Commercial Convention, the Protocol Regarding the Programme of Future Negotiations, and the Final Act.

The Commercial Convention[1] replaces the original scheme of tariff truce. It commences by stating that the Contracting Parties:

> *Being desirous* of providing for a rapid and effective application of the resolutions of the World Economic Conference of 1927 and of creating a stable basis and an atmosphere of confidence for the concerted action contemplated by the Assembly of the League of Nations at its Tenth Session,
>
> *Have decided* to conclude among themselves an agreement for this purpose and have appointed as their Plenipotentiaries:
>
> * * *
>
> Who, having communicated their full powers found in good and due form, have agreed upon the following provisions:
>
> ARTICLE I
>
> The High Contracting Parties undertake not to avail themselves before April 1st, 1931, of the right to denounce the bilateral commercial treaties which any one of them has con-

[1] Official No. C.P.A. E.C. 18 (1).

cluded with any other of the High Contracting Parties, and which are in force on this day's date.

The idea of consolidation had been suggested by the Italian delegation. It represented obligations of unequal scope for the contracting States, since the States had different commitments, arising out of their commercial agreements, for the consolidation of their tariffs. These engagements represented the following proportions: France 72 per cent; Germany 54 per cent; Austria 58 per cent; Hungary 40 per cent; Italy 46.2 per cent; Switzerland 50 per cent. Other States, on the contrary (Great Britain, Denmark, Norway, Holland, Portugal), confined themselves to guaranteeing to the contracting parties the most-favoured-nation clause, without entering into any obligation as to rates. All the contracting States agreed not to denounce their commercial treaties before April 1st, 1931. The States in the first group with partially consolidated tariffs agreed to abide by the provisions in Article II if they raised certain customs duties before that date.

ARTICLE II

Should any of the High Contracting Parties other than those referred to in Article IV be obliged to proceed, before the expiration of the present Convention, to make increases of his customs duties above the level existing on today's date, or to impose customs duties not existing on today's date, such as are likely to affect seriously the interests of any of the other High Contracting Parties, the Party who re-

gards himself as being injured thereby shall be entitled, as soon as notice has been given as provided in Article III, and within two months of such notice being given, to ask for the opening of friendly negotiations between the Governments concerned in order to restore the equilibrium so disturbed.

Should these negotiations not lead to a result within a period of two months from the date of the request, the Party who has requested the opening of the negotiations shall be entitled to denounce the present Convention forthwith, such denunciation to take effect, so far as he is concerned, one month after notification to the Secretary-General of the League of Nations. Such denunciation may be either in respect of all the High Contracting Parties or in respect only of that Party who has increased his duties or imposed new duties.

Alterations in Customs duties made in virtue of laws, or of circumstances of urgency, which make necessary the immediate application of such alterations, shall not be subject to the above provisions regarding negotiations. Nevertheless, the High Contracting Party who considers that his interests are injured shall retain the power of denunciation provided for in the second paragraph of this Article.

We must admit that we are now far from the 1927 recommendations and in the presence of very complicated provisions. The third paragraph further restricts the scope of Article II. In the case of France it covers such agricultural products as are subject to the *cadena* or import taxes.

What are the obligations for States in the second group?

ARTICLE IV

Those High Contracting Parties who do not consolidate their Customs duties by treaty, or do so only in exceptional cases, undertake not to proceed, during the term of the present Convention, to make increases of any protective duties above the level of the protective duties existing on today's date, or to impose protective duties not existing on today's date.

It will be observed that the text says *protective duties.* The signatories reserve the option of raising their *fiscal duties* and the Conference did not succeed in giving an exact definition of this latter term. The discussions seem to indicate that the expression refers to duties imposed for revenue purposes only, without any intentions of an economic order. These fiscal duties would bear on articles of widespread consumption, such as tobacco, tea, coffee, and sugar.

The parties who consider themselves injured by the establishment of these duties may without delay denounce the Conventions. The contracting states will give notice of any tariff increases twenty days before the application of the measures, wherever possible. The Convention is concluded for one year from April 1st, 1930. It may be denounced on February 1st, 1931; if not then denounced it will automatically remain in force for a further period of six months, and similarly for successive periods of six months.

That is all, and it is not much. The second text issued by the Conference bears the title: "Protocol Regarding the Programme of Future Negotiations referred to in the Resolution of the Tenth Assembly of the League of Nations," and is dated March 24th, 1930. The signatories declare it to be indispensable

> that concerted action should be undertaken, directed to secure closer co-operation, the improvement of the regime of production and trade, the enlargement of markets, and to facilitate the relations of the European markets between themselves and with overseas markets, so as to consolidate economic peace between the nations.
>
> They have recognized that it would be advisable for international negotiations to be undertaken for this purpose at the earliest possible moment, so as to determine the speediest and most effective means of adjusting economic conditions in their respective countries, of organizing more rationally the production and circulation of wealth, and of removing, as far as possible, unjustified hindrances which hamper the development of international trade.

As soon as it becomes again a question of promises, the programme is enlarged. Let us admit at least that this text would permit the undertaking of an inventory which has often been advocated. We find here again the idea expressed by M. Delaisi in his book.[1] The French delegate, M. Elbel, summarizes it in these terms:

> First point: to know precisely what we want. Here we have agricultural overproduction, there we have industrial over-

[1] *Les deux Europes.* Paris, Payot, 1929.

production. Is industrial Europe incapable of absorbing the surplus of agricultural Europe? Is it necessary for her to replenish herself first in the overseas countries and must she leave certain rural populations of Central and Eastern Europe faced with this dilemma: either perish in the midst of your bulging corn-bins, or become industrialized in your turn? Will she continue to buy from other continents the greater part of the raw material that makes her industries go round or will she not try to find in the first place within her own borders the materials on which to work? The total deficit of the exchanges between Europe and the rest of the world reached in 1928 the sum of 4560 million dollars; three-quarters of this is due to the purchase of raw material and food-stuffs. Can nothing be done to reduce it? That is the first problem to be resolved, and it is an important one.

The first article of the Protocol was completed by a questionnaire, the replies to which were to be submitted later to the Council of the League of Nations.

A

(a) In what agricultural products is there overproduction in each country?

(b) What are the normal outlets for these products?

(c) What practical means can be employed to ensure the disposal and distribution of surplus production in the normal markets and in other countries with an insufficient production?

B

What practical means can be employed to facilitate the disposal of manufactured products, particularly in the direction

of increasing the extent to which it is possible for consuming countries to purchase them?

C

In particular, what are, in the case of the products mentioned in A and B above, the customs and administrative measures which seem likely to promote the extension of markets and the improvement of international trade?

(In order to facilitate the preparation of a practicable programme of preliminary negotiations, it is desirable that, in the first instance, so far as tariffs are concerned, mention should only be made in detail of those modifications to which the most importance is attached.)

D

What practical means can be employed to ensure the movement of European raw materials amongst the different countries under more satisfactory conditions and their better utilization?

In Article II the signatories present a whole series of questions which are to be made the subject of future negotiations:

1 Any action with a view to the adoption of a unified *customs nomenclature,* as soon as the technical bases of an international agreement for this purpose have been established. The Council of the League of Nations should therefore request the Economic Organization of the League of Nations to instruct the Sub-Committee of Experts appointed to deal

with this matter to undertake the necessary preparatory work and to pursue it with all possible dispatch; to study the possibility of applying the measures which the Economic Committee may recommend, with a view to expediting the examination and ultimate application of the experts' work.

2 Examination by the Economic Organization of the League of Nations of the various points contained in the memorandum submitted by the French delegation and annexed hereto, which refer to: The study and comparison of tariffs; the codification in a single text of certain of the provisions, other than tariff provisions, which are generally embodied in bilateral commercial treaties; the establishment of a permanent body for arbitration and conciliation and the periodical convening of a conference of Governments.

3 Subsequent work, meetings or conferences arranged for the purpose of promoting a more effective application of the recommendations and principles contained in the *Convention for the Simplification of Customs Formalities* concluded at Geneva in 1923.

4 Indication to the Secretariat of the League of Nations before September 1st, 1930, of the cases of *indirect protectionism* which seem to require urgently to be remedied, mention being made at the same time of any bilateral conventions in which measures have been adopted to prevent certain forms of this protectionism. The Economic Organization should be invited by the Council to prepare a draft text, with a view to codifying these provisions in a Convention.

5 Communication of all useful information with a view to throwing light on the various aspects of the question of *export bounties and subsidies* intended to encourage national production, and thus to facilitating the search for desirable

solutions, if necessary by means of international conventions.

For this purpose the Council of the League of Nations should request the Economic Organization of the League:

(a) To draw up a methodical list of the different kinds of bounties and subsidies in use;

(b) To examine the reasons which have led certain Governments to establish a system of bounties or subsidies;

(c) To study how far the present system of bounties and subsidies injures the interests of other States;

(d) To examine the measures which the countries complaining of the effects of such bounties and subsidies might feel impelled to take in order to combat their effects;

(e) To examine whether the problem as a whole could not be dealt with by means of a collective convention.

6 In connexion with the problems of unfair competition, special study of the desirability of calling for the revision of the Madrid Arrangement, with a view to the extension of the provisions of this Arrangement.

The signatories consider, in particular, that the preparation of the bases of a special Convention to afford effective protection to *appellations of origin* and typical products should be entrusted to the Economic Organization of the League of Nations.

7 Support to, and active co-operation in, the studies now being undertaken, in the hope that the Sub-Committee of Veterinary Experts will prepare as soon as possible one or several preliminary draft international conventions and that a Conference may be convened at an early date, and if possible before the end of 1931, with a view to the conclusion of one or more *international veterinary conventions* which

would facilitate the trade in animals and the products of stock-breeding and which would remove any fear of discrimination and unjustified protectionism in this field.

8 Initiation or continuation of negotiations, as soon as possible, with a view to avoiding *double taxation* which may result from the simultaneous application of the respective fiscal laws, and aiming at the conclusion of bilateral or multilateral agreements based on the recommendations contained in the report submitted by the General Meeting of Government Experts on Double Taxation and Tax Evasion and adopted at Geneva in October 1928.

9 Parallel action to ensure that the second session of the International Conference on the Treatment of Foreigners, which was held in November 1929, may succeed in framing a convention "on the most liberal basis" in conformity with the terms of the Protocol signed at Paris on December 5th, 1929.

A memorandum presented by the French delegation and published as an appendix calls for "the expression of specific duties as percentages of the value of goods." In simple language it means that there should be a formula which would enable us to know that such and such an article is taxed in Poland at 40 per cent of its value, in Austria at 30 per cent, etc., etc. To achieve this result it is necessary to find a method of *ascertaining the value,* if it is a question, for example, of goods which are not subject to market prices. The French memorandum contemplates also the creation of a permanent organ of conciliation and arbitration. Why not appeal, it may be asked, to The Hague

Permanent Court? The answer is that a purely juridical body does not seem very well adapted for pronouncing on fiscal technique. If the preliminary tribunal which appears to be necessary were set up, The Hague Court might serve as a court of appeal.

It is further proposed in this memorandum that a multilateral non-tariff commercial convention be negotiated which should unify the terms of agreements, draw up standard clauses and thus lay the foundation for an international commercial legislation. Finally, it demands that at least once a year a conference of Government delegates be convened to study tariff problems and allied questions. This is M. Briand's idea again, and we may say at once that in our view, seeing the difficulties of the questions it would have to study, this conference ought to be permanent. This is indispensable if technique is to be perfected and mere empiricism to give place little by little to scientific order.

There is a ferment of ideas on all sides. We have left the land of dreams for the sphere of realities. The studies which appear in the appendix to the Protocol Regarding the Programme of Future Negotiations are extremely interesting, whether they deal with the adjustment of economic relations between industrial and agricultural countries or with other important problems. These are necessary studies. It is quite certain, for example, that we cannot organize Europe if the industrial countries practise agrarian protection in relation to the agricultural coun-

tries and if they do not direct towards those agricultural countries a part of their capital and their credits.

Already we can see the advantages of a European organization in which the industrial nations would help the agricultural ones to increase their purchasing power. By creating this collaboration which would render possible the rationalization of production we should diminish the importance of the tariff problem and co-ordinate transport.

We have reached a point at which it becomes clear why the Economic Conferences at Geneva have so far only achieved such meagre results. It is because the customs, with its excesses and its caprices, is only the outward and visible sign of an economic disorder, maintained and aggravated by centuries of history. *The customs barrier is an effect, not a cause.* It is chimerical to seek to cure a disease by taking account only of its external symptoms. *Customs reform can only be the result of a European reorganization.*

The third document signed at Geneva on March 24th is known as "The Final Act." It contains two recommendations:

A

The Conference,

Having regard to the importance of the markets of overseas countries for the economic life of Europe;

Considering that it is highly important for Europe to investigate all possible means of taking a larger place in these markets;

Considering that the majority of the overseas countries are producers of raw materials and food-stuffs of which Europe is one of the main consumers;

Considering that, in order that the future negotiations contemplated by the present Conference may give the fullest results, it would be valuable to associate the overseas countries with them to the greatest possible extent:

Recommends that the Economic Organization of the League of Nations should undertake an objective investigation into the means of establishing close co-operation between Europe and the overseas countries and, in particular, consider in what respect the trade relations between Europe and the said countries might be improved to their mutual advantage.

B

The Conference recognizes that the stipulations laid down in the Convention merely constitute a first stage in the direction of economic co-operation in Europe.

It declares that the engagements undertaken in this Convention will not be fully effective unless their close connexion with the provisions of the Protocol, dated March 24th, 1930, regarding the Programme of Future Negotiations is borne in mind.

It accordingly affirms its conviction that the inquiries and negotiations contemplated in Artcles I and II of the said Protocol should proceed *pari passu,* with a view to concluding, to the greatest extent possible, a body of agreements con-

forming to the recognized needs of the various national economies—the entry into force of which should simultaneously reduce all unjustifiable hindrances to international trade.

The first declaration, which is of Italian inspiration, makes it clear that the Europeans do not desire in any way to challenge American interests. The second, of French origin, lays it down that the texts of the tariff conference represent only a first step on the road to European federation. To tell the truth, one suspected it.

Thus ended the tariff conference. We must be careful not to exaggerate the value of a convention which is to be ratified at the earliest in November 1930 and may be denounced after February 1st, 1931. The exceptions in this case are so numerous that they do not so much prove the rule as destroy it. Already there have been certain tariff increases which look very much like infractions of the pact. The progress made at Geneva in 1930 must be regarded as modest, but it is progress nevertheless. It marks, if not a change of road, at least a sincere effort towards a new orientation.

"We must," writes M. Elbel, "regard the grouping of States which has just taken place, not so much as a real association, with rigid rules, censors, and penalties, but rather as an effort at understanding, open to all nations of goodwill in which each will make its share of concessions, while reserving the right to withdraw from the experiment if it should prove disillusioning or sterile. We may

recall the trenchant remark of a witty delegate: 'Why, this is not a marriage; at the best it is just a liaison.' That, however, was going rather far; it would be fairer to call it a trial marriage. Now some of these last, and are happy.

"Will this one last? It depends almost entirely upon the goodwill of the parties. I do not think that in saying this I am simply offering a platitude. What I mean is that it is, above all, a matter of good faith on the part of the Governments and that Governments are what public opinion makes them, since, according to the accepted theory, they are its emanations. If, then, public opinion in every country recognizes that the interest of the peoples lies in mutual understanding on the economic plan, if it admits that the agreements signed at Geneva on March 24th, 1930, constitute a first step towards a better organization of production and exchange, if, finally, it recognizes that there is nothing in these agreements to compromise or threaten the vital interests of any of the signatory States, then the pact will be applied in the spirit as well as in the letter and the battle will be won.

"Modest in its form, limited in its application, circumscribed in time and space, the Geneva convention contains in embryo the possibilities of a more fruitful and durable union. If this experiment is allowed to be vitiated at the outset, hindered by underhand hostilities or thoughtless selfishness, everything will be spoilt. Europe, after this confession of failure, would return to her squabbles and her declining economy would be handed over to more robust and better organized administrators. If, on the other

hand, the participating nations decide to make a loyal effort to collaborate, inspired by a sense of solidarity in the face of common evils and dangers, if they pursue it with a firm and prudent tenacity, without unwise haste, but also without neglecting solutions which are seen to be useful, they can move step by step towards a more rational and a more stable organization. The last Conference at Geneva has provided the first means. It has also rendered to Europe a service the magnitude of which it is still difficult to measure, but which it would be ungrateful to depreciate."

The German representative, in his report of April 8th, 1930,[1] summarized in his turn the conclusions of a Conference almost exclusively European since it united twenty-six European states and four non-European. He notes the setback to the *tariff truce,* but emphasizes the fact that, for the first time, the peoples have recognized the interdependence of their tariff policies. In a general survey, M. Suetens,[2] Director of Commercial Agreements to the Belgian Foreign Office, holds the balance with authority and common sense between the optimists and the pessimists.

> Undoubtedly the 1927 Conference has borne fruit. Economic protectionism is in retreat. In 1927 France abandoned her new tariff proposals; Rumania in 1929 took the duties off certain products. Various countries, Germany, Spain, Greece, Czechoslovakia, reduced, *proprio motu,* some of their duties.

[1] Official No. C 258, 1930, II.

[2] *Bulletin d'Information de la Banque Nationale de Belgique,* 5th year, Vol. 1, No. 8, April 25th, 1930.

Belgium was more liberal still. A great movement is developing in the direction of commercial treaties with tariff schedules (30 Agreements in 1927, 42 in 1928). Thus, little by little, the European countries carry out an economic *rapprochement,* while Persia, China, Chili, Peru, Egypt, and Australia follow the path of protectionism.

The tariff-revision schemes in the United States have, as we have seen, rendered a European policy of mutual aid all the more necessary. No doubt, the tariff truce proposal is dead, but the commercial convention is valuable on account of its flexibility. The Protocol Regarding the Programme of Future Negotiations leaves the future open. At least four advantages are procured by the Convention:

(1) It stabilizes the contractual system of the countries concerned.

(2) It consolidates the liberal regime now in operation in certain countries with autonomous tariffs. Those who are familiar with the campaign being waged in at least one of them for the establishment of a protective system will realize that this is a considerable result.

(3) It gives material form to the solidarity, hitherto purely moral, which the different States have recognized in customs matters since the international Economic Conference. The proclamation that tariff questions are not solely a matter for the sovereignty of each State, but are, on account of their repercussions, a concern of international politics, has more than a sentimental value. It has given rise to precise agreements, to remedies, and to sanctions.

(4) The accompanying Protocol equally makes it clear that a whole series of other questions, also affecting the freedom of trade, ought to be settled by international

methods, by a general agreement, and an adjustment of the interests involved.

Those who appreciate the complexity of tariff questions, the effort and the difficulties inseparable from any amelioration of the international situation, will appreciate these results. In themselves and because of the progress which they indicate beyond the state of affairs previously existing, they merit our careful attention. That is not all. These are only preliminary results. They open up the way. It is for the signatory states to complete and to extend them.

These are wise words. It is always an advance to pass from synthesis to analysis, from vague affirmations to precise observations. Nothing could be more interesting, for anyone who knows how to use his eyes, than the continuous development of this problem since the signing of the Covenant of the League of Nations. It demonstrates the truth of the principle we have laid down, namely, that customs reform must mark the end, not the beginning, of European organization. It shows the necessity of pursuing a work parallel to that carried on among so many difficulties, by the negotiators at Geneva.

Chapter Five

THE NECESSITY OF AN UNDERSTANDING

MEANWHILE, if the well-intentioned efforts to suppress customs have proved premature, the logic of facts has compelled certain industrialists to put European production in order.

A publication of the Dresdner Bank of Berlin [1] shows in a truly scientific manner what this production has developed into in recent years. It indicates the difference between the production and consumption of cereals which has been observable in the world's grain markets since the agricultural crisis of 1920, with a period of accentuation after the abundant harvest of 1928–29. The reduced consumption has been attributed to a change in the feeding habits of industrial countries and the spread of knowledge on the subject of vitamins. The consumption of flour per head is estimated to have decreased by 10 per cent in Germany and England, and even by 12 to 15 per cent in the United States. Thus, although the average world production of grain for the years 1924–28 is only 5.8 per cent higher than in pre-war years, while the world population has increased by about 9 per cent, and that of the industrial countries of Europe by about 6 per cent, there has been a failure to absorb a part of the production. On the other

[1] *The Economic Forces of the World,* third (enlarged) edition, 1930.

hand, meat consumption has increased. In all the great wheat exporting countries of Europe important stocks have had to be carried over in the new harvests. "Compared with the producing countries overseas, the cereal-producing countries of Europe, particularly Germany, are still handicapped by the results of the war. The costs of the producer have increased to an extraordinary extent in consequence of heavy rates and taxes of all kinds and the high rates of interest paid to foreign lenders, while it has not been possible to counterbalance these charges by protective duties and a corresponding increase of prices."

The first cause of the European disorder and distress is to be found in the fact that the European countries which formerly exported cereals have lost further ground as suppliers to the world market in recent years. Russia and Rumania had even to import wheat in 1928. The four great wheat exporting countries, the United States, Argentine, Canada, and Australia, accounted for 90 per cent of world exports in 1927–28, against 50 per cent before the war.

If we turn to sugar we find that, apart from the growing competition of cane sugar, the European producers of beet sugar have seen their position aggravated by the fact that England, a great consumer of this product, has almost ceased to import it. The Czechoslovak sugar industry has been seriously affected. In that country the 1928–29 yield was 30 per cent lower than that for 1925–26. Czechoslovakia needs new markets.

Much more serious even than these is the distress of the coal industry in consequence of the revolution which has

taken place in the industries depending upon mechanical energy, through the rivalry of petroleum and water power. In 1927, in a year of exceptional economic prosperity, the production of European coal barely reached the pre-war total, and this figure was not maintained in 1928. The European nations are engaging in a fierce and ruinous rivalry in a shrinking market, and the struggle is aggravated as a result of the expansion of the coal industry in Poland and even in Holland. The statistician who has carried out the Dresdner Bank's inquiry concludes that it will be necessary to arrive at a restriction of production by way of international agreement. Once more we see the logical necessity of European rationalization. We are told that the productive capacity of the United States coal industry is four times that of Great Britain and of Germany, and this is a fact which opens up new horizons. It indicates, too, what Europe has to gain by a study in common of the development of her electrification, with a particular eye on her network of railways. At present, international exchanges of electric current are negligible, if we leave out Switzerland, which in 1928 exported more than 1000 millions of kilowatts, or a quarter of her production.

In the matter of iron and steel, Europe's share in world production has rapidly increased. "The supremacy won by the United States in the years from 1913 to 1926 has now reverted to European industry, which, however, is still far from having regained the lead it had over the United States before the war. . . . And, during the first

six months of 1929, the rate of production of iron and steel increased more rapidly in America than it did in Europe. We may anticipate shortly, therefore, a rivalry between Europe and the United States which has been retarded hitherto by the extraordinary capacity for absorption exhibited by the American market. Certain indications, such as the formation of the Steel Export Association of America in 1928 by the United States Steel Corporation and the Bethlehem Steel Corporation, suggest that this fight for world supremacy is not far distant." In such a competition, a disunited Europe would be defeated in advance.

Equally in the matter of copper, European and American interests diverge. The producers of the whole world concluded an agreement in October 1926, and the Copper Exporters Incorporated comprise thirty-two societies of which eighteen are American. The cartel controls nine-tenths of the production and dominates the market. The London Copper Exchange has lost much of its importance to the profit of New York. The battle for tin markets has not yet been decided. Europe, on the other hand, supplies the largest quantity of aluminum, thanks to France and Hungary, America not having yet succeeded in overshadowing European production which, since 1926, has been grouped in a cartel. The Aluminum Company of America, has, however, acquired bauxite seams and aluminum factories in Norway, Yugoslavia, and Spain, and it is to be noted that the evolution of this industry has made possible considerable reductions in price.

Cement has become an essential material in modern construction and is now used in road-making; France, Germany, and Belgium have increased their exports. The potash industry, too, is enjoying a period of prosperity, thanks to the very widespread employment of this product, and here the Germans and the French put an end, by a convention in 1926, to a rivalry which threatened them both with ruin.

These few examples are sufficient to indicate how active is the struggle going on all over the world between the various products; they seem, indeed, to be like living creatures engaged in battle. This may be a point in favour of the doctrine of economic materialism; at any rate, these are facts and facts must be accepted. It is no use trying to impose our traditional ideas of politics on a world in ferment, and the urgency for Europe to unite in self-defence is imperative. The producers have long since recognized a necessity which politicians are just beginning to see.

In May 1927 the World Economic Conference at Geneva affirmed the necessity of studying without delay the system of *industrial agreements*. As always happens when live questions are discussed, the debate revealed profound differences of opinion. Human thought always oscillates in this way when it is confronted with new subjects. Economic necessity, as we can see, has created the phenomenon of agreements, and this is for good or for ill, according to the direction given to them.

> The Conference considers that the field for agreements, both national and international, is usually limited to branches of production which are already centralized and to products supplied in bulk or in recognized grades, and that, consequently, they cannot be regarded as a form of organization which could by itself remove the causes of the troubles from which the economic life of the world, and particularly of Europe, is suffering.

No doubt; but the fact is there and it has to be reckoned with. It can assure us a more rational organization of production, a lowering of costs, a better factory organization, with scientific development, the stability of labour, and the reduction of selling prices. The drawback is obvious. It is a deep and permanent law of life that competition is the mother of progress. We must then study the subject, discover the conditions of applying the new regime, while assuring the interest of the consuming as well as the producing countries.

The 1927 Conference studied the legislative and administrative measures taken by the various states in relation to trusts and cartels. The preparatory committee had made numerous investigations. Professor Julius Hirsch, ex-Minister of the Reich, in an important memorandum, examines "National and International Monopolies from the Point of View of the Interests of the Worker, the Consumer, and of Rationalization." He indicates the development of the cartel in Germany since 1860 and particularly during the World War. In 1924 a semi-official inquiry placed the number of cartels in the national industries at

2500. According to Professor Hirsch, at the time he wrote, "nearly two-fifths of German industrial production comes from enterprises which, in view of the nature of the market, tend towards monopoly, either in the form of cartels or in that of amalgamations of capital—*Konzerns* and trusts." For this writer "the fact of groupings, international as well as national, marks in itself an advance in *economic self-consciousness*. International cartels and other movements in the same direction show that *world economy must gradually become more self-conscious*. The transformation of the control of supplies or of options on production and sale from a simple mechanical fact into a conscious action, and the general adoption of the division of labour and the intelligent and rapid reassociation of separate branches of the same activity, must be interpreted as signs of *rationalization on a large scale*."

Regarded in this way, the cartel is a sign of progress, uniting national economies which were previously hostile, but it is in danger of affecting the interests of the customer-countries and of raising prices. The cartel may then, according to circumstances, be useful or harmful to the general interest.

M. William Oualid, Professor of Political Economy in the University of Paris, deals with the question in his turn, in *International Industrial Agreements and Their Social Consequences*. He also shows how, paradoxical as it may seem, the war led the nations towards economic agreement. He notes the first contracts to be concluded—the European steel cartel; the Franco–German potash cartel of December

29th, 1926; the rubber planters' agreement for the limitation of production (Stevenson plan); the contemplated restriction of cotton acreage. Discussing the possible drawbacks of these cartels from the workmen's point of view, M. Oualid argues very forcefully that such agreements cannot be opposed by workmen who rightly support the internationalization of labour, the organization of a great labour market, and the regulation of movements of population. "There cannot," he writes, "be one truth for workers and another for employers. Organization has general merits which apply universally to all economic factors, to men as well as to capital, to the goods produced as well as to the goods traded in." The public authorities have, however, the duty of intervening to protect workmen against united employers. How can this be done without at least a European centre of action?

In the interests of the consumer, M. Oualid recommends that the States should enter into a convention by which they would agree to forbid, to prosecute, and to punish agreements considered illicit, "or to take identical national legislative measures, inspired by similar methods. It would be indispensable that the international repression and regulation of these agreements proceed from the general body of the great industrial countries; otherwise an unfair advantage would be given to those which, standing outside the convention, remained free to tolerate or to encourage such agreements in their midst." The necessity of European federation is once more apparent.

Conclusions of the same kind are reached by Dr. Kurt

Wiedenfeld, Senior Professor of Political Economy in the University of Leipzig, in his memorandum on "Cartels and Combines." [1] A very important distinction is made by this learned writer between *cartels,* organized solely with a view to the market (purchase and sale) and leaving their members full liberty for a limited period for production, technical organization, and administration, and *trusts* in which the participants sacrifice a part of their liberty for the benefit of the organization. In this second form there are a common direction, a joint programme of work, pooling of financial resources, and profit-sharing. "Cartels cleanse the atmosphere of the market but leave the system itself untouched." The most developed form of this organization is found in the *syndicate* which is a definite legal personality. The mode of operating trusts is somewhat varied. It is necessary to discriminate. There are mixed undertakings, in which a number of mills engaged in successive stages of production are combined into a single legal personality. One establishment produces mainly (not always exclusively) what the associated establishment of the next stage finishes, and the latter mainly finishes the products supplied by the former. This is *vertical combination.* Herr Wiedenfeld gives as examples combinations of spinning and weaving mills; mining, smelting, and steel works; the affiliated companies of the United States Steel Corporation, and of the German Vereinigte Stahlwerke A.G.

[1] Report submitted to the Preparatory Committee for the World Economic Conference.

Where several businesses of the same kind exist side by side we have *horizontal combinations* (the Standard Oil group, the United States Steel Corporation, the Vereingte Stahlwerke A.G., and the Siemens-Schuckert group). With remarkable clarity Herr Wiedenfeld describes the pools in which the participants exchange information on the nature and volume of their production, the profit-sharing societies (*Gewinnausgleich*), the holding companies which absorb all the capital of the associated undertakings and issue their own shares in exchange.[1] We can see from all this how complex is the system of agreements, with all its varieties of organization and control, up to the very flexible form of the "gentlemen's agreement." The author of the memorandum examines in turn cartels and trusts inside and outside Germany and then studies the part played by these formations in national and international economy. We will quote one of his conclusions which confirms the necessity of a concerted intervention of the various States.

> It rests finally with those in whose hands is the political and economic power—that is to say, the Governments—to determine the policy that is to be followed. If industrial countries, which are necessarily concerned to export their manufactures, continue to impose customs duties on foreign production, it is only natural that foreign countries should not be induced by any international cartel to drop the protection of their own manufactures. At this point

[1] Very valuable indications will also be found in M. Louis Domeratzky's brochure, *The International Cartel Movement*, United States Department of Commerce, Bureau of Foreign and Domestic Commerce, 1928.

the problem of international cartels touches the problem of commercial treaties, which offer the means of utilizing the protective duty for purposes of negotiation and of enabling all concerned to measure future possibilities. A system which involves a necessary link between both these factors guarantees, during the operation of the commercial treaty, the cartellized branches of industry against international surprises, and it allows of the cartel being established on a new basis if the commercial treaty lapses. On the other hand, the purchasers of the cartellized products are assured that, so long as the commercial treaty remains in force and they allow these products to enter free of duty, the other contracting country will also allow free entry to the foodstuffs and other materials which the purchasing country supplies; they can also take timely measures to provide against the simultaneous expiration of commercial treaties between States and of private cartel agreements.

The final result, then, is the expectation that, during the operation of both agreements on either side of the frontier, the conditions of production and sale will in all probability be sufficiently interdependent to make the continuance of treaty relations desirable to all concerned; similar results have already been observed in the case of regional cartel agreements. Commercial treaties and cartels have this point in common, that they are of advantage to each partner only so long as each believes that his own interests are secured. It remains to be seen whether the universal distress of today will bring this truth home to states and private individuals alike, and thus ensure the application of the principle in the economic domain.

Mr. D. H. Macgregor, Professor of Political Economy in the University of Oxford, in his study of *International Cartels,* also advocates the intervention of the political State, either by legislative measures aimed at the supervision of the agreements or by demanding that the associated industries include on their governing bodies representatives of consumers, workmen, or the State. This last is a very practical suggestion which deserves to be kept in mind. M. Paul de Rousiers, professor at the École des Sciences Politiques, in *Cartels and Trusts and Their Development,* shows the causes which have led to the gradual restriction of commercial liberty and stresses the difference between the industrial agreement of today and the monopolies of earlier times. This is a matter to be impressed upon those who continue to maintain the thesis of complete liberty for the producer. "The notion of the self-contained estate sufficient to keep a family of rural workers occupied and to provide for its needs, that of a close corporation of artisans working for their allotted body of customers in a definite area; that of the *isolated nation producing all it consumes and consuming all it produces*—these notions cannot be maintained in face of all the facilities available for the distribution of commodities." Once more we find economic nationalism decisively condemned by observation and experience.

M. de Rousiers studies the history of the American trusts, the first agreements taking place about 1880 in the metallurgical industry, the pools, corners, and rings, dom-

inated towards 1895 by the ironmaster who represents Pittsburgh and by the mine-owner who owns the deposits of Lake Superior—Andrew Carnegie and John D. Rockefeller. All things considered, this is a much more interesting history than that of the great military captains. Two men of new and free minds, two pioneers, understand the form that the modern world is about to take. They fashion it, model it, submitting the crude elements to the process which is to produce the steel plate and the rail. Their logical minds discovered and followed the series of transformations, grouped the products into families disciplined by a creative will, and imposed certain relations between these products and the men who consume them. Whether you approve of it or not, it is a great work; it shows the power of mind. It developed and it created the trusts. It resulted on March 21st, 1901, in the fusion of the then existing groups in the steel trust with a capital of $900,000,000, which absorbed about two-thirds of the metallurgical production of the United States. An epic, it has been called, and the word is just. It is an epic, assuredly made up of battles and accompanied by death, but impressive.

The Standard Oil Company and the sugar trust are founded on still more ambitious ideas. The first takes over the refineries and the pipe-lines and works jointly with the railway companies. M. de Rousiers describes the contest between the public interest and these powers, the formation of the Interstate Commerce Commission and the long work which was crowned by the Transporta-

tion Act of 1920. He explains also the direction and scope of the measures taken by President Roosevelt and President Wilson.

After the theoretical demonstrations already quoted these examples prove at one and the same time the powerlessness to which Europe would soon be reduced if she did not organize herself, and the dangers of an uncontrolled and unlimited concentration. "It is curious to note," writes M. de Rousiers, "that the best-known and most important abusive monopolies which have existed in the United States were not the outcome of consolidation required by technical conditions of production or by economic conditions of distribution, but were due to the deficiencies of the public authorities, either because these authorities neglected by mistake to exercise the supervision incumbent upon them or because their representatives used their power for private ends." After the experience of the United States, if European statesmen refuse the control which only a European federation is capable of exercising we shall have to accuse them of a very culpable ignorance. In America abuses disappeared at once when the amalgamated industries found themselves faced with the representatives of a public authority determined to protect the general interest. The trusts became modified and ceased to be monopolies, limiting themselves to the attempt to achieve success by the employment of the most effective methods of production.

This is proved by the example of the steel trust. "It cannot exercise any decisive influence over the volume of pro-

duction or over the level of sale prices. The experience of the German cartels shows in fact that, to achieve that end, at least 90 per cent of the total output capacity of the plant in an industry must be controlled. . . . Now, the steel trust has never reached, or attempted to reach, these proportions. . . . Its strength thus lies not in the ability to dominate the market but in its organization and in the consequent reduction of cost prices. It is not by selling at higher rates, but by producing cheaper, that the trust ensures success." And from this examination our economist draws the following conclusion: 1 Consolidation does not lead to a *de facto* monopoly unless the control of the public authority is insufficient; 2 It does not impose any obstacle to freedom of trade. On two occasions in 1920 the Supreme Court of the United States declared that the steel trust had not acted in restraint of trade.

We are here far from the commonplace protests about the inevitable mischief of cartels and of trusts which are advanced against European federation by the advocates of national small shopkeeping. We are already in a position to draw certain conclusions. Concentration and specialization are demanded by the necessity of order, and they can only be injurious for workers and consumers if the organization is rudimentary or sporadic. What America has been able to do Europe can and ought to do.

M. Gustav Cassel, Professor of Political Economy in Stockholm University, has issued, on behalf of the League of Nations, a treatise on "Recent Monopolistic Tendencies in Industry and Trade." This authority further enlarges our

horizons. Professor Cassel sets out to study the problem of industrial agreements on the largest scale from the point of view of the restrictions which economic life imposes upon the traditional idea of liberty. This leads us to what may be called the philosophy of the subject, though it is a philosophy dependent upon experience. The division of labour, which has as its corollaries the free exchange of goods and freedom of movement for the producers, runs up against the restrictive influences resulting from the war. M. Cassel therefore demands the final liquidation of the conditions and theories which that great conflict imposed upon international trade. He asks, what are the causes of the present unemployment in Europe? "The fact," he writes, "that masses of workmen are unemployed, or have to be employed in unremunerative occupations, and that this goes on from year to year, proves that the principle of the division of labour is applied by modern European society under extremely imperfect and indeed ruinous conditions."

We shall find it necessary to return later to this problem, which is an essential element of the vast European problem. Professor Cassel deals with the theory that Europe's purchasing power is limited, and therefore imposes a limit on production. We must always aim, according to him, at cheaper production, in order to conquer new markets. "The choice between the two methods is a choice between life and death." Admittedly Professor Cassel introduces some controversial political ideas into his arguments. For example, he discusses the international eight-hour day, attributing to it a "pernicious" influence. His own theory,

however, leads him to an extremely ingenious study of economic concentration. He draws a distinction between the agreements which aim at reducing costs by increasing production and those which aim at raising prices by means of a monopoly. It must be admitted that contrary to his colleagues and in contradiction apparently to the lessons to be drawn from American history, Professor Cassel opposes joint intervention on the part of Governments. We do not share his pessimism; commercial treaties alone are sufficient to show that States may reconcile divergent interests. Professor Cassel's memorandum, however, is so well thought out that every line of it is instructive and compels us to think on the unpleasant results of any improvisation.

Altogether, in spite of the authority of the criticisms cited in this work, the general effect of the studies carried out for the League of Nations is to show the impossibility of Europe standing outside the movement of concentration which is going on all over the world, and to demonstrate the necessity of public control of this movement. The International Economic Conference of May 1927 itself adopted the following resolutions:

V

> The Conference considered the question whether there was ground for establishing a special juridical regime and a system of supervision over agreements.
>
> The documentation resulting from the labours of the Preparatory Committee shows that specific legislative or administrative measures in this direction have been taken by a limited number of countries only and that the measures

adopted are widely divergent both in conception and form.

The Conference recognized that, so far as regards agreements limited to the producers of a single country, it is for each Government to adopt such measures in regard to their operation as it may think advisable. It agreed, however, that it is not desirable that national legislation should place an obstacle to the attainment of the benefits which agreements might secure by exhibiting a prejudice against them as such.

So far as regards international agreements, it is generally recognized that the establishment of an international juridical regime is impossible in view of the divergencies between the measures which various countries have considered necessary in the matter, and on account of the objections in principle which a number of States would feel against any such system, on national and constitutional grounds. It has, moreover, been pointed out that the laws and regulations and the tribunals of each country have jurisdiction not only over national agreements, but also over international agreements in so far as they involve operations within the national territory.

On the other hand, it is desirable that voluntary recourse by parties to agreements to arbitral bodies should become general, subject to guarantees of the high competence of the latter in economic matters and their sense of the general interest.

From a more general standpoint, the Conference considers that the League of Nations should closely follow these forms of international industrial co-operation and their effects upon technical progress, the development of production, conditions of labour, the situation as regards supplies and the movement of prices, seeking in this connexion the collaboration of the

various Governments. It should collect the relevant data with a view to publishing from time to time such information as may be of general interest. The Conference is of the opinion that the publicity given regarding the nature and operations of agreements constitutes one of the most effective means, on the one hand, of securing the support of public opinion to agreements which conduce to the general interest and, on the other hand, of preventing the growth of abuses.

The desire of the Conference was at least to watch the development of international industrial co-operation. In May 1928 the Consultative Committee of the League's Economic Organization insisted upon the necessity of a study and issued a new appeal:

No action has yet been taken with reference to the question of industrial agreements, and, in the document on the work of the Economic Organization during the past year, submitted to the Consultative Committee, the latter is requested to give its advice as to the best manner of giving effect to the wishes of the Economic Conference in this connexion.

The Consultative Committee is fully conscious of the difficulty of the question; but it is clear that the Economic Organization of the League cannot afford to ignore the importance of national and international agreements in the whole organization of production and distribution.

The Consultative Committee is of opinion, therefore, that the proper approach to the whole problem should be by means of a study of the development of the forms of organization and of the legal framework within which that development has taken place. It is desirable that the more important

international understandings which have been reached, their various legal and economic forms, and the laws under which they operate, be analysed and classified. Such a study is necessary in order to enable the Economic Organization to carry out its full mandate.

In pursuance, therefore, of the following recommendation of the International Economic Conference—

> "The Conference considers that the League of Nations should closely follow these forms of international industrial co-operation and their effects upon technical progress, the development of production, conditions of labour, the situation as regards supplies and the movement of prices, seeking in this connexion the collaboration of the various Governments. It should collect the relevant data with a view to publishing from time to time such information as may be of general interest,"

the Consultative Committee recommends the Council to request the Economic Organization of the League to study, in the first instance, the following points, the careful examination of which appears to be an essential preliminary to the complete execution of the recommendation in question. It should seek any advice it may consider necessary and should follow the methods recommended by the Economic Conference.

1. The subject-matter and the nature of international industrial agreements and cartels and their importance from the international economic standpoint.
2. The status and juridical form of these agreements and cartels and the legislation applicable to them.
3. The measure of publicity given to them.

In May 1929 the Consultative Economic Committee reported that, in accordance with its recommendation of the previous year, it had first concentrated its attention upon the development of the various forms of organization and the legal provisions governing that development. It had proceeded with the advice of competent experts "to analyse the principles underlying the national legislations." Further, the persons entrusted with the examination of the legal problems were extending their studies to the application of the laws and the administrative measures taken by the Governments in the different countries. The Committee expressed the hope that a report setting forth the results of the work on these two points would be submitted to its next session. It added: "The Consultative Committee is glad to note the impetus which has been given to studies of cartels in relation to international customs and commercial policy, *the inter-relation between the two having been emphasized in the course of discussion.* It would like to see these studies linked up with the inquiries into special branches of industry, in addition to any study that may be made of the problem as a whole. The Economic Conference also recommended that the League should study the practical development and effects of international industrial agreements and the Consultative Committee was therefore interested to learn that the Economic Committee is taking steps to collect the fullest possible information regarding such existing agreements, their object, scope and organization, and the part they play in the economic system as a whole."

Chapter Six

EXTENT AND STRUCTURE OF CARTELS

AS suggested by the Economic Committee let us set down the results of certain inquiries into a movement of consolidation which has often been described, and which the logic of facts is extending from year to year.

In 1927 M. Roger Conte was charged by the International Chamber of Commerce with the work of preparing a report on the position of international agreements, and the result of his zealous interpretation of this mandate is a well documented and remarkable work,[1] in which the various aspects of the great problem are fully and impartially examined. It is a difficult task, since, as we have already remarked, the forms of union vary a great deal and the agreements often enough remain secret. M. Conte does not fail to observe the two main defects of the cartel, and these are a possible tyranny over industry and commerce and an exacerbation of rivalry, which is usually open before the conclusion of the treaty and becomes underhand as the moment of renewal approaches, when each party will seek to obtain a larger share of the combined output for its quota. He draws a careful distinction between industrial agreements and financial corporations and cor-

[1] *Les Ententes Industrielles,* brochure No. 96, Secretariat General, 38 Cours Albert 1er, Paris.

ners. We remember the consolidation in coffee in 1886, in corn in 1887, in sugar in 1888 and 1889, the attempt with cotton in 1899, and the corner on wool in 1886. Before 1900 we find international cartels operating chiefly in the sphere of merchant shipping.

This study, so rich in suggestions for the future, is equally important, it should be remarked in passing, for the sociologist who wishes to study the development of modern capitalism. Well before the war, agreements between heads of undertakings had overstepped territorial limits. The Allgemeine Electrische Gesellschaft, under the direction of the illustrious Rathenau made a general co-operative agreement, early in the present century, with the American General Electric Company. The electric bulb cartel (*Glühlampen-Kartell*) extended its scope after 1903. In 1904 the International Rail Manufacturers' Association (*Irma*) brought together German, Belgian, French, and English firms and two years later the United States manufacturers joined it. We must not therefore cherish the delusion that cartels, at any rate in their present form, are sufficient to guarantee peace. M. Briand has rightly perceived and declared that they do not absolve us from the duty of seeking a general regime of security.

They do, however, introduce order, which is essential to peace though not in itself sufficient to secure it. As long ago as 1875 the shipping rings were in operation, and the attempt was even made to introduce a certain amount of system into the movements of tramp steamers.

As to the international trusts of a more secret character organized before 1914, M. Conte observes that "it would be unfair to say that they sought to hold the consumer up to ransom, for, apart from the desire to extend markets by reducing prices, the pre-war world and especially Europe, was a long way from being given up to monopolies. The purchasers were quite able to defend themselves."

The formations created by the war had an artificial and precarious character. There was nothing in the nature of a cartel about the Combines or "Konzerns" themselves; on the contrary, the disorder that followed the conflict was an obstacle for several years to efforts at agreement. Little by little, however, Europe realized the necessity of fighting against her disequilibrium. The crisis of 1920, the overproduction of 1926, the currency fluctuations, all helped in the direction of agreements.

The "provisional" list published by the League of Nations on April 26th, 1929, shows the results obtained, but it requires to be completed by the report of January 12th, 1929. According to the French Ministry of Commerce, it was possible on June 1st, 1930, to make the following enumeration, which indicates much better than any argument or commentary the extent of the movement.

It is a dry subject, but let us at least try to get a clear view of it, by (1) describing the phenomena in general, and (2) studying more deeply certain typical examples.

1 The Aluminum Cartel

Founded in September 1926 to meet the rivalry of the Americans who were seeking to get a foothold in Europe and dominate the principal producing enterprises, this cartel combines Germany, Switzerland, France, England, part of Norway, Italy, and Austria. The first fruits of its efforts were seen in a fall of 12 per cent in the price of aluminum. Its subsequent policy has always been to moderate prices with a view to increasing production. In particular the Cartel examined the special conditions arising from the excessive increase of copper prices, followed by similar movements in zinc and tin. It decided that the price of aluminum must on no account be raised, in the belief that this policy of moderation would largely increase possibilities of sale. It should be noted that the German Government, by its law of December 29th, 1929, raised the customs duties on aluminum.

2 The International Calcium Carbide Syndicate

The Syndicate and the International Society of Calcium Carbide at Geneva, which represent most of the other European producers, are intended to reserve for France her own home and colonial markets, in exchange for a limitation of French exports abroad, a special quota being provided for Morocco. This agreement consolidates the positions already established for, on the one hand, France imported insignificant quantities of carbide from foreign

sources and, on the other, she was the sole provider for the French colonies. The proportion of exports allowed her is, in fact, greatly in excess of what she has hitherto exported, though this exportation was in a state of continuous and rapid growth.

3 Cartel of Wood Charcoal Industries

Under the terms of this agreement French producers limit their sales on the French market to a maximum of 600 tons and a minimum of 360. Other European producers in return agree to buy back the calcium acetate unplaced by French producers.

4 Cement Cartel

This is composed of various agreements, mutually connected:

(1) The agreement of French and Belgian cement merchants which involves reciprocal "rationing."
(2) The agreements concluded by the first group with Germany, Switzerland, and Czechoslovakia.
(3) The agreement between Belgian and Dutch cement trades.

From the time of the negotiations which eventuated in the agreement of February 23rd, 1928, relating to the Saar, the French and German negotiators agreed not to include in the Treaty any reduction of duty on cement as long as the discussions between the private firms in Ger-

many and the Saar had not arrived at any conclusion. The agreement, therefore, says nothing about the customs duties which German cements are to pay on entering the Saar and vice versa; but an appended letter states that the agreement to be made between these two industries will be taken into account ultimately in relation to the importation of cement into Germany and the Saar. It is interesting to see an agreement between the Governments complemented in this way by a private agreement which becomes, in a sense, a part of the Government agreement.

5 Cartel of Dyestuffs

This is essentially an agreement between the German Farben Industrie and the Kuhlmann Company of France. Germany, which directs the movement of concentration, has just extended this cartel to Switzerland and has made use of it to draw Czechoslovakia, Great Britain, and Belgium into the grouping. Negotiations with the same object are now going on with the Norwegian Nitrogen Company and the United States Dye Trust. So far as France is concerned, her production is limited to 20,000 tons of which 5000 are allocated to exportation.

6 Enamel Cartel

This groups together the producers of Central Europe: Germany, Czechoslovakia, Austria, Poland. It fixes and establishes exportation quotas and common sales bureaux.

7 Electric Cartel

This owes its existence to the necessity of checking the over-production of electric lamps and avoiding the competition which was strongly felt in foreign markets. In China, for example, electric lamps were offered at a figure representing only a third of the cost price, a dumping which was detrimental to the interests of European consumers. The agreement comprises an attempt at technical standardization, aiming at the reduction to two or three thousand types of the various sorts of lamps manufactured (which at present reach as many as 40,000 different kinds), the sharing of technical information, the dividing up of the international market on the basis of export quotas, and the safeguarding of national markets. This agreement has already had an effect in lowering prices in European markets.

8 The Steel Pact

It will be necessary to return to this Pact, which is now being completed by international agreement, on iron ore, cast iron, rails, tubes, metal plates. The question of common sales bureaux for metallurgical products is under consideration. Its extension is to be noted also on the geographical plane. The industries of central Europe, Italy, and even Great Britain negotiate with it. Their hesitations appear to be inspired principally by the desire to obtain the highest possible share.

9 Linen Producers' Agreement

This combines German, French, British, Czechoslovak, and Swiss industrials and aims at combating the raising of prices which has occurred since the disappearance of Russian linen products from the market, by the development of cultivation, distribution of markets, and sales clauses.

10 Linoleum Trust

German, English, Dutch, Swiss, Swedish, and Italian producers have combined to regulate prices, apportion foreign markets, and protect home markets. The closest financial links, within this trust, join the Linoleums Werke A.G. (a Swiss undertaking), and the Italian Pirelli Consortium. In August–September 1929 a consortium was constituted between various German, Lettish, Swedish, Dutch, and French (Compagnie Remoise) houses, which combine 80 per cent of European manufacture. The Germans predominate.

11 The Potash Trust

Here again, the concentration is the work of Germany, and commenced with a national grouping, the first effect of which was an increase in the price of potassium of 9.5 per cent. This first step accomplished, the agreement of Lugano was entered into between the German trust and

the French group. We shall have subsequently to deal in greater detail with this example.

12 Artificial Silk Trust

This trust has become world-wide, since the Courtauld firm, which already partly controls the American industry, has proceeded to an exchange of shares with the Snia Viscosa and the German company, Glanzstoff Bemberg. As a result of the agreement entered into, the French market is reserved to French industrials, who in return have renounced the claim to an increase of the customs duty of 38 cents per pound on silk. This agreement has therefore had the useful result of preventing a reinforcement of protection on a widely consumed commodity. Other customs simplifications and in particular the unification of nomenclature are at present being studied by the international office of the group.

13 Mercury Cartel

The Italian and Spanish producers, who have an almost complete monopoly of the world market, have come to an understanding with the Mexican producers whose output is not comparable to their own, but who are nevertheless among the most important of the outsiders. As a result, the world supply of mercury has become an almost complete monopoly.

14 The Swedish Match Trust

This trust also deserves to be mentioned, although it is not, properly speaking, a cartel resulting from concerted agreements between the industrials of different countries. It is rather to be regarded as the extension of a private company which has gradually fought other enterprises in foreign markets, threatened their existence, and dominated the market. This trust controls, in fact, the match production of the entire world.

15 American Copper Cartel

Although purely American, this cartel is of interest to Europe, of which it is the provider and for which it presents a double danger: on the one hand, that of increased prices, and on the other, that of a sort of inverted dumping, in virtue of which the cartel, to placate the protests of American consumers, sells more dearly in European markets than in America itself. The difference between the prices charged to Europe and those reserved for American purchasers represents an almost constant figure of £1 sterling per ton, to which must be added transport and insurance charges.

16 Zinc Cartel

This controls more than 85 per cent of European production. It has as its object the reorganization of produc-

tion and its restriction, if necessary, in order to assure remunerative prices to the industry. One of the recent measures contemplated by this cartel is a reduction of 7 per cent in production, to be maintained as long as the price of zinc has not reached £27. It is fair to the cartel to say that this restrictive policy is partly explained by the fact that many factories find themselves in a rather precarious situation on account of unremunerative rates. We must, moreover, take account of the dumping that the United States, after having protected its own market by very heavy tariffs, practises in Europe, where it seeks to disorganize the native production.

17 Sugar Cartel

The cartel of sugar manufacturers already exists for Central Europe and apportions the productions of these countries as follows:

Czechoslovakia	86
Poland	17.50
Germany	18

France is still at the stage of national grouping and this group, recently formed, includes all the French refiners and all the manufacturers of beet sugar or cane sugar in the colonies, fixing for each producer an obligatory quota for exportation. The Cuban Government, however, has for some time taken the initiative in more general

negotiations with a view to international regulation. The concern for the stabilization of markets and the prevention of speculation and glutting which appears to dominate these various negotiations, should not cause us to lose sight of the essential fact that the world consumption of sugar has for many years shown a much more accentuated increase than the production. Any agreement which tended to limit production excessively, or to restrict supplies for the home market for the benefit of a compulsory export quota, ought, therefore, to be regarded as dangerous.

Other international discussions in 1929 tended to regulate production and commerce in different branches of industry. We must include:

The *conferences of European automobile manufacturers,* called together on the initiative of the Italians, in which the Austrian, Czechoslovak, and German manufacturers were principally interested; the negotiations in which England and Holland were chiefly concerned for the *regulation of the production of rubber*, rendered necessary by the enormous present overproduction; the *international grain congress,* which met at Brussels to establish the plan of a compromise between the negotiators, and to fix also a standard price for malting barley; the *pourparlers* between various foreign groups for the *purchasing in common of Russian oils.* We may recall that the *cartel for retail trade* between Germany and Poland was dissolved in January 1927, and that this dissolution was soon followed

by a fall of 20 per cent in the price of benzine on the Polish market.

Finally, a cartel is now in sight affecting *lead production.*

18 Benzol Trust

On October 26th, 1929, the benzol producers of Germany, Belgium, France, Great Britain, Luxembourg, the Netherlands, and the Saar met in an international conference and passed a unanimous resolution in favour of co-operation, the principal objects of which would be:

(1) to bring about the standardization of the different types of benzol;
(2) to popularize the use of mixed hydrocarbons;
(3) to advance consumption;
(4) to rationalize the supply of the different countries of the continental market;
(5) to co-ordinate publicity.

A permanent secretariat was established with headquarters in Paris. The adhesion of Austria, Italy, Poland, and Czechoslovakia is contemplated. This understanding does not constitute an international syndicate in the strict sense of the term; it is rather an organization with the object of permitting periodical exchanges of views tending to develop the use of benzol and to bring about the unification of terminology or methods of public sale.

19 Relations between German and French Motion Picture Industries

France, in order to meet American competition, has been led to collaborate with Germany. All the German factories are in more or less close relation with French enterprises, and exchanges of producers and star actors are often made in order to secure the success of a film. The progress of these exchanges may perhaps be indicated by the following table:

EXPORTS OF FILM, IN 1000 FEET	1926	1928
German negative, to France	216	590
German positive, to France	1938	4653
French negative, to Germany	231	200
French positive, to Germany	3868	2127

20 Private Agreements between the French Marble Group and the Consortium for the Marble Industry and Commerce of Carrara and Fivizzano

This agreement, concluded in June 1929, aims principally at fixing the conditions of sale and delivery of Italian marble in France.

21 Agreement between the Producers of Natural and Synthetic Nitrate

The Norwegian Nitrogen Company has signed an agreement with Chili.

22 International Union of Superphosphate Producers

An international union of superphosphate producers was established in December 1929, with headquarters in London, to study all questions affecting the production of phosphoric acid, and more especially the superphosphate industry. Germany, Belgium, Czechoslovakia, Finland, France, Holland, Norway, Poland, Sweden, French North Africa, the Union of South Africa, and England were associated in this union. Italy, Spain, Switzerland, and the United States of America will probably join it shortly.

23 Locks

The German and English producers of cylindrical locks are grouped in national federations which, while preserving their autonomy, inform one another of their decisions before they are carried into effect. A gathering of representatives of the German and English cylindrical lock industries was held in Berlin on the 25th and 26th of October, 1929. Questions affecting sales and prices were examined. The conference was followed with close attention by the French industry.

24 International Agreement on Stearine

Early in 1929 an agreement was entered into between the French stearine group and the Anglo-Germano-Hollando-Italo-Belgian consortium. Its object was to fix the quotas to be imported into France on the one hand, and

those to be exported from France to the five other countries on the other.

25 Bottle Cartel

An international syndicate for the sale of coloured glass bottles was formed on March 30th, 1930, controlling German, Czechoslovak, Austrian, Rumanian, Polish, Dutch, and Yugoslav exportation. The contract expires in 1939 and is limited to coloured glass bottles of from five to seventy fluid ounces' capacity. Its purpose is to reserve to each of the participants its home market. Within this syndicate Holland and Czechoslovakia have formed special agreements permitting them to practise dumping in Belgium.

26 International Syndicate of Calcium Nitrate

In May 1930 a grouping was established between French, Belgian, Yugoslav, Swedish, Norwegian, Polish, and Swiss producers of nitric lime.

27 International Cyanamide Syndicate

The international syndicate of cyanamide producers was established in Berlin in May 1930. This new organization, which joins up all the factories of the world with the exception of the Japanese industry and thus controls 92 per cent of world production (250,000 tons of nitrates), appears destined to open the way for a series of new chemi-

cal agreements, particularly for synthetic ammonia. Germany takes part in the new syndicate to the extent of about 100,000 tons. France, Italy, Belgium, Yugoslavia, Czechoslovakia, Sweden, Norway, Switzerland, and Poland, also are parties to the contract. The home production of each of the participating countries is protected and in the matter of exports a sales bureau has been instituted to fix the price and conditions of sale every half year. The setting up of this group incited the Chilian saltpetre producers to enter into negotiations for the creation of an organization which will counterbalance this European agreement.

28 Film Cartel

A Franco-German convention has been signed by the Tobis Kuchenmeister Talking Film and Gaumont, Aubert, Franco-Film, dealing with questions of commercial property affecting talking films. Common installations are made in various countries and the two groups share the results of their technical experiments, with a view to standardizing photography and production.

Export markets are shared between the two groups, the French group, for example, guaranteeing the sale of French and German apparatus in Spain and reserving national territory for itself.

29 International Cartel of Railway Carriages

The negotiations for the conclusion of an International Cartel of Railway Carriages appeared to be on the point

of completion in May 1930. Belgium received the highest proportion: 34.6 per cent, while the German share was fixed at 28.8 per cent. The other parties are: France 13.9 per cent, Italy 10.5 per cent, Czechoslovakia 6.9 per cent, Hungary 2.9 per cent, Austria 2.2 per cent, Switzerland 0.7 per cent. The new cartel appears likely to bring about a rapid decrease of competition due to the activity of the Belgian industry, without any resultant increase of price, as the English and American industries remain outside the cartel. A technical study of the standardization of European carriages will be undertaken.

To this list, which demands continual study and revision, may be added the agreement entered into by the French *ferro-tungsten establishment* and other European manufacturers. Although drawn up by the technical departments of a Ministry,[1] such a list may contain certain errors of detail, and there may be gaps in it, owing to the difficulty of getting information on the existence of agreements. It is sufficient, however, to prove the importance and the variety of the network of industrial agreements with which the world, and particularly Europe, is encircled. There is already a considerable amount of anarchy in this beginning of order, but the movement itself appears to be invincible. The particulars published by the League of Nations in 1929 show other cartels, as, for example, those for *quinine, iodine,* and *bismuth,* the agreement between the

[1] Our thanks are due to Mme. Huot, who has specialized in inquiries of this kind.

German and English manufacturers of *Glauber's salt,* the *white lead agreement,* the European *glue syndicate,* the international *fish-oil syndicate,* and the *egg-importers' cartel.*

It is worth while to study closely certain examples. The potash convention was set up after Germany had lost her monopoly as a result of the war. She found herself threatened by American, Polish, and Spanish competition and above all by the return to France of the pits and factories of Alsace-Lorraine, the exports from which grew from 6000 tons in 1913 to 70,000 in 1923, whereas between these two dates the increase in exports from the Reich was only from 70,000 to 120,000 tons. The Kali Syndicate had the advantage of richer sulphate deposits, but was handicapped by high transport costs. There were national cartels on both sides. In January 1924 the first provisional arrangement was made for sales in America. In the summer of 1925 the agreement was enlarged. Basic principles were laid down, such as respect for existing organizations and established positions; reservation of home markets, which, in the case of France were held to include the colonies, protectorates and mandated territories; and division of world trade on the basis of 30 per cent for France and 70 per cent for the Kali Syndicate. The cartel was established at Lugano on April 10th, for ten years. The linking of interests is now complete, and organization and publicity can be carried out jointly. This contract has certainly been criticized. The United States have protested and Congress voted a large

credit for prospecting, especially in Texas. The agreement has at least, however, introduced a measure of order into the European sale of an essential commodity. The Kali Syndicate supplies the Eastern parts and the French organization the West, including Switzerland.

Even more interesting are the cartels in the metallurgical trades. The reconstitution of the rail cartel, the International Rail Manufacturers' Association (*Irma*), narrowly escaped being upset by the creation of a purely European agreement (*Erma*). The Economic Committee of the League of Nations explains the fortunate manner in which American participation was assured by an unofficial allowance on the English quota. At last, after many difficulties, the old rail cartel has been reconstituted, with certain new provisions borrowed from the Steel Pact. The increase of price which has taken place would appear to be justified.

In raw steel the European situation became very difficult. It was confronted with the remarkable development of United States exports, the economic nationalism of the young countries, and the increasing industrialization of Asia. This last-named fact, which has not received the attention it deserves from the economists, justified and indeed rendered necessary an agreement. Europe, frankly, took the lead in a movement of which the League of Nations rightly says that it "interests the whole world, not because it aims at the re-establishment of an old hegemony,

but because of its contribution to a general organization of production and of peace."

This brings us to the central point of all European economic organization. It is not a question of organizing a cartel for aggression, but of an open agreement. "The immediate result of the work carried on for some years is no doubt the assured operation for the future of a vast cartel for continental Europe; there is, however, a still larger plan, the framework for which is already prepared, that of an organization comprising the whole world, with British and American producers in the first place."

The first necessity was to settle the difficulties between Germany and France over the Saar and the minerals of Lorraine. The output of the Saar intended for the German Reich were "rationed," to use an ugly word which has now become necessary, by the convention of August 5th, 1926, and the Treaty of November 6th, 1926. The general pact on iron was included on September 30th, 1926. An agreement regulating supplies from Lorraine and Luxembourg to the German Reich provided that they must not exceed in the aggregate 6.5 per cent of the total German production.

The International, or Continental, Corporation for Raw Steel really presents itself under quite a simple aspect. Four Governments have approved of it. To guard against the dangers of overproduction the extraction and treatment of ore can, if necessary, be limited. It is a cartel of production, not of price. Each syndicate or group belonging to it may retain any common bureaux it may have set up. There has

simply been established a common fund to which each of the establishments in the cartel is obliged to contribute a dollar for each ton exported. Each member who has not exhausted his share receives compensation in cash; a payment is due from those who exceed their quota. The national syndicates act as responsible intermediaries. Provision is made for insuring necessary progress. The supreme authority of the cartel is the general assembly, which fixes every three months the total ration by a majority of three-quarters of the votes. Agreement has been reached for a period expiring on April 1st, 1931.

The cartel is gradually extending. Article XIV, Section 1, of its rules provides that it shall be open to all, and it has welcomed the adhesion of Austria, Hungary, and Czechoslovakia. The indifference of the United States is due, according to referee of the League of Nations, to the fact that the iron industry, on account of high prices, exports little in Europe. The international steel agreement, we may add, has published its rules.

Certainly the steel cartel has met with serious difficulties since it was set up. The quotas of production fixed apparently did not correspond precisely to the needs of the various national groups. Germany passed her figure in the first three months, while France remained below her allotment. Germany, therefore, had to pay a heavy fine and France received a compensation of $3,370,000. This meant a subsidy of French exportation while Germany was handicapped by a surcharge. In the course of a conference at Luxembourg in March 1927 the penalty inflicted on

one of the parties had to be examined and the delegates agreed to adopt a more flexible policy. But overhauling of this kind is inevitable in every new undertaking. It was possible to offer certain concessions to Poland. The necessity of setting up international sales establishments was recognized.

Germany, however, again exceeded her quota. In June 1927 the table of production for the various members of the cartel was as follows:

April–June 1927 (third quarter)	Contractual Quotas		Actual Production in 1000 metric tons	Difference between Production and Quota	
	in 1000 metric tons	in percentage		plus	minus
Germany	3161	43.18	3995	834	—
France	2283	31.18	2065	—	218
Belgium	846	11.56	896	50	—
Luxembourg	608	8.30	616	8	—
Saar Territory ...	423	5.78	476	53	—
Totals	7321	100.00	8048	945	218
First Quarter (Oct.–Dec. 1926)	6947		7935	1149	96
Second Quarter (Jan.–Mar. 1927)	7321		7950	726	191

After these experiences German opinion turned against the apportionment fixed by the cartel and demanded a revision, on the ground that the quota for France was based on figures swollen by the dumping which had re-

sulted from inflation, and that the German negotiators had sacrificed the due quota of their own industry to their desire to see an international understanding. This position was calculated to create serious difficulties in subsequent negotiations. The pact was concluded for a period extending to 1931, with the proviso that either of the parties might denounce it on May 1st, 1929.

These difficulties interrupted progress in 1928, but the delegates of the various national groups remained in touch with one another, and a common study of the difficulties facilitated the adoption of compromise measures. International establishments were set up for rails, for partially manufactured articles, girders, bar iron. Germany and Belgium endeavoured to check the overproduction of their factories. Germany engaged in various negotiations with the other delegates for the remission of the penalties.

The question of the denunciation of the steel pact by one of the parties began early in 1929 to be the subject of numerous newspaper articles. Generally speaking, however, this pact has not encountered any very serious opposition, and the objections are aimed rather at an increase of the quota granted to each of the countries than at a denunciation of the agreement. The metallurgical industries of the countries concerned are, in fact, working at full speed. There are no serious causes of division and the agreement secures real advantages for them all.

Since none of the parties denounced the pact on May 1st, 1929, it is tacitly agreed to maintain it until 1931.

Meanwhile, in spite of the penalties provided, overproduction has not been completely dealt with as is proved by the statistics of the production of raw iron in the participating countries. An increase of production is, in fact, general. In November 1929 the delegates of the different countries agreed to restrict the production of the trust to 290,000 metric tons. As this step failed to increase the export price of iron, which remained unremunerative, a further restriction of 10 per cent of the production was imposed in December 1929. In January 1930 the German branches decided to increase the price of steel plates and this measure caused considerable excitement in Germany. The consumers and the industries affected approached the German Government.

As a result of their intervention the Minister of Commerce of the Reich issued a decree in January 1930, providing that no modification in the price conditions fixed by the cartel should take effect without having been first submitted to the German Government. This decree was registered after a certain amount of haggling between the German Government and the representatives of the cartel. The latter agreed to keep the Government informed of the policy pursued and the decisions taken at international conferences.

In February 1930 there was a revision of the Steel Pact. After three years of existence the experimental period might be considered at an end, and the cartel could henceforth adapt itself to the national position of the various European industries of which it is composed.

The special sales agreements for rails, pipes, and metal plates remain in their old form. The American and English industries, it should be noted, participate in these special agreements, though they are not part of the iron cartel. A new organization of international sales agencies for partially manufactured goods, sections, girders, plates, and pipes has been established. These are associated with the statistical bureaux which supervise the quantities produced, consumed and exported by each of the participants. At the head of each is an Executive Committee which arbitrates on disputed sales. A central agency has been set up, under the direction of the cartel, as a final Court of Appeal in disputed matters, which are examined in the first instance by the Excutive Committee of each agency. The penalties provided for overproduction are very heavy and represent so high a proportion per ton of the price of metallurgical products that it is practically impossible to produce above the amount stipulated.

We have examined this important agreement in some detail in order to show how tenacious have been the efforts of business men, whose determination ought to be an example to the politicians. We remember the beginnings of this great undertaking and the London conversations of 1924, when M. Clémentel, a member of the Government over which I was the head, presented a note to the German representatives, recommending industrial agreement. From that moment I was of the opinion that a customs agreement would not be sufficient to settle the problem

of the metallurgical industry. Experience has proved that I was right; it is necessary, above all, to organize production. We took the trouble to consult MM. Jouhaux and Labe, of the Metal Confederation, M. Rey, of the General Confederation of Labour, M. Poisson, of the Consumers' Co-operative Society, and M. Arthur Fontaine. While reserving their opinions on the general principle of coalitions, these gentlemen recognized that an international agreement for the metallurgical industries, if carried out under the supervision of the Governments, who would demand the necessary guarantees, might represent a valuable instrument of pacification as well as a safeguard for the maintenance of labour and the standard of wages. M. Serruys rendered invaluable services to this work.

Besides the two great cartels of rails and raw steel, there are three less extensive cartels within the metallurgical industry—those for raw iron, tubes, and drawn wire. The International Tubing Cartel was established on June 10th, 1926, with headquarters at Luxembourg. It comprises the producers of Germany, France, Belgium, Luxembourg, and Czechoslovakia. In the summer of 1927 an agreement was signed between two important American concerns (Alleghany Steel Company and Delaware Seamless Tube Company) and the German Mannesmann establishments for sharing the international market. Similarly an agreement was made between the International Nickel Com-

pany of New York and the English Mond Nickel Company for the stabilization of prices. The European Union of Zinc Factories was set up on May 7th, 1928.

The Artificial Silk Trust presents some interesting lessons. Its establishment goes back to the beginning of 1927 and resulted from an agreement between the English Courtauld Company, which controls a considerable part of the French and American manufacture, the Italian company, Snia Viscosa, and the German establishments, Vereinigte Glanzstoff, which own a large part of the German Bemberg Company, and since 1927 have had common interests with the I. G. Farben-Industrie group. The 1927 agreement was necessarily provisional, on account of the rapid evolution of the various national artificial silk industries. The existing establishments underwent a considerable extension, new companies were established; the agreements which linked up the different groups underwent continual changes.

The Artificial Silk Trust presents an entirely different aspect from that of most international trusts. These agreements usually occur between rather old industries which have reached maturity and aim chiefly at the avoidance of overproduction or at the sharing of existing markets in proportion to the respective strength of the participants. The situation in the artificial silk industry with its almost unlimited possibilities of growth is altogether different. The world consumption which amounted in value to $1,298,-

313,000 in 1927 was worth $1,690,101,000 in 1928 and $1,932,013,000 in 1929. The capital invested in the industry shows, roughly, a parallel progress. It increased from $557,772,000 in January 1928 to $840,429,000 in April 1929, an increase of nearly 50 per cent. The history of the Artificial Silk Trust is, therefore, a complicated one, resulting in part from the agreements between the principal producers and partly from the extensions peculiar to each of the contracting groups.

As early as May 1927 there were conversations between the representatives of the trust and those of the Belgian and Dutch industries. The Glanzstoff group, a member of the trust, set out to acquire control of these industries on its own account, particularly by the acquisition of large interests in the Belgian Tubize group. It acquired also the Spanish Internationale Viscose Company and the Brazilian Industrial Corporation. It increased the importance of its American subsidiary, the American Bemberg Corporation, which proceeded to increase its capital. It aims at the absolute domination of the German market and has, on various occasions, tightened the bonds which unite it to the Interessengemeinschaft Farben-Industrie.

In France, the English Courtauld Company holds a considerable part of the industry, especially the artificial silk factories established in the neighbourhood of Calais. Meanwhile the Comptoir des Textiles Artificiels constitutes an important outsider, uniting the manufacturers of Givet, Izieux, Besançon, the Société Chimique des Usines du Rhône," and the Société Ardéchoise Viscose. In Sep-

tember 1927 this agency joined the International Artificial Silk Trust on the condition that the home market should be reserved for French producers. In February 1928 the Société Anonyme des Soieries de Strasbourg, which is now part of the international trust through its affiliation to the "Comptoir des Textiles Artificiels," joined with the Leningrad Artificial Textile Trust with a view to technical collaboration and exchange of patents. In May 1928 the Glanzstoff group established the first artificial silk works in Norway, and in September 1928 two artificial silk factories in Rumania. Meanwhile, the industry, in view of its great future, is seeking to assure a powerful financial support. With this in view, a holding company has been created in New York with a capital of sixty million dollars, to finance and maintain the operations of the trust in America.

An important agreement was concluded in June 1929 between the Glanzstoff group and the powerful Dutch Enka group, involving an exchange of shares and the amalgamation of the boards of directors. The relations between the two essential combinations of Germany, the Glanzstoff and Farben, have, however, developed in recent years by way of transformations in the structure of the two companies. They were united by an agreement in November 1929 under which the two contracting parties share the German market with a view to stabilization of prices. In March 1930 the German companies working on artificial silk fibre came to an understanding with the mills to give them the whole of their orders. Hitherto Ger-

many, whose annual consumption of this fibre is from 48 to 53 million pounds, has imported 17 to 20 millions from abroad, chiefly from France and Italy.

In view of the extremely good prospects of the artificial silk industry, some recent occurrences may appear somewhat surprising—the fall in prices and hardening of values. These phenomena are due to a certain confusion in the organization of this industry, on account of a too rapid development. It has been necessary to induce the consumer to increase his purchases in proportion to the ever-growing production, and, therefore, to practise a policy of low prices. On two occasions American intervention has brought about a fall of prices; companies have had to work without profits and have found themselves unable to pay dividends to their shareholders. The small dividends have been the cause of the relatively unfavourable position of artificial silk shares. These facts, however, are not to be regarded as phenomena of overproduction; they are rather a crisis associated with growth. The complicated agreements which have been arrived at between these industries as they have developed aim precisely at combating the too violent effects of competition and permitting the newly created factories to organize themselves, sheltered from a too sharp rivalry.

A table will indicate the relative importance of the industries during 1929. The first column of figures shows in millions of dollars the value of the undertakings in each of the countries dealt with, and the second shows the total amount of national capital invested in these enterprises.

England and Germany, it will be seen, have excess investments abroad, while France is dependent upon foreign capital to the extent of over fourteen million dollars.

CAPITAL INVESTMENTS IN ARTIFICIAL SILK INDUSTRIES IN 1929
(*In millions of dollars*)

COUNTRY	TOTAL CAPITALIZATION	NATIONAL INVESTMENTS	DIFFERENCES *
United States and Canada	306	150	−156
England	224	337	+113
Italy	108	64	−44
Germany	56	140	+84
France	55	41	−14
Netherlands	38	58	+20
Belgium	12	24	+12
Switzerland	7	8	+1
Japan	21	15	−6
Other countries	13	3	−10
	840	840	

* The differences are either the excess of capital invested in foreign artificial silk industries (+), or the shortage supplied by foreign investments (−).

Many other examples might be cited, but we make no pretence at establishing a complete inventory in a subject of this magnitude, nor is it claimed that our enumeration is correct in every detail. Agreements are continually developing and it is difficult to get precise information. Our study is merely a pointer, which we hope will be followed up and completed. The form of these agreements is, in fact,

the subject of constant research. We would especially mention, before closing this chapter, the important "Review of the Legal Aspects of Industrial Agreements" prepared for the Economic Committee of the League of Nations by M. Henri Decugis (France), Mr. Robert E. Olds (United States), and Herr Siegfried Tschierschky (Germany).[1]

The bibliography of the subject is immense and we shall not attempt to cover it, for our object is not to examine cartels in themselves and for themselves, but to draw from their development decisive arguments in favour of the establishment of a European order.

We believe we have already proved the three following truths:

(1) Whereas attempts at a Customs Union have failed because they were premature, all the industries are being led by an irresistible movement towards a system of agreements.

(2) Concluded in the first place for Europe, these agreements, when they are well established, extend to the other countries of the world, especially the United States of America and Japan. (For this latter country, see the agreement with the I. G. Farben-Industrie.)

(3) It is idle to ask whether Governments can be theoretically disinterested in these agreements. In fact, as the case of the steel trust shows, they are constantly concerned with them.

The whole problem to be decided is whether public men

[1] Geneva, 1930. Official No. E. 529 (1).

will have as much initiative and intelligence as private individuals, or whether, in politics, we are going to be content to walk in the old ways, ignoring the great transformation which is silently creating a new world.

Chapter Seven

THE ECONOMIC MACHINERY

THE arguments advanced in the preceding chapters would alone suffice to prove the urgency of establishing order in Europe. M. Aristide Briand, however, in his memorandum, goes further. Having indicated the necessity of studying the general economy of Europe he shows that it is necessary to *rationalize* its economic machinery, to co-ordinate the public works carried out by the States of the old world (automobile main roads, canals, rivers, railways, posts, telegraphs and telephones, wireless). Nothing could be less disputable.

Take rivers for example. It is easy to see that we can distinguish certain great hydrographic areas.[1] There are the *Mediterranean Zone,* with its short, rapid rivers like the Var or the Tiber; the *Atlantic Zone,* with rivers more liberally supplied by rain and comparatively regular, such as the Tagus, the Garonne, the Loire and the Seine, the Thames, the Elbe or the Oder; the *Continental Zone,* whose rivers are longer and subject to the influence of more severe winters, such as the Dvina and the Volga. And, outside these divisions, the Rhine and the Danube have, so to speak, personalities of their own. None of them, however, can be studied merely in terms of political frontiers.

[1] See again, Gallouédec's *Géographie de l'Europe.*

The Rhine is a sort of living being, with a citizenship at once Swiss and French, German and Dutch. It begins as an unequal torrent, regularized to some small extent by Lake Constance; then it becomes the essential artery of a plain enriched by its deposits, calming as it widens save for certain divagations across the sands; it charges the barriers of the Ardennes in all the strength of its maturity and emerges triumphant, flaunting its power, until it unites itself with the North Sea. The Danube owes its character, its value and its role to its geographical orientation. How can we help being tempted to make use of what may be called the *European potential* of a river which nature has established as a link between Central and Eastern Europe?

From the hydrographic point of view, Europe is not very well favoured. The dividing up of the continent has reduced the importance of her waterways. The Volga itself is only two-thirds as long as the Nile. Why then exaggerate these essential difficulties by the artificial complications of a political system? These rivers, reduced as they are, have an historic mission of the first importance. The Rhine formerly separated what were called the Roman world and the barbarian world. We have had enough, I think, of staining it with blood. Nature has given it to us Europeans, to unite us, to help us to organize our trade and to transform into a peaceful union the chain of its sumptuous towns and develop the strength of its inland ports. The Danube has energetically found its way through intricate formations; it, too, has known its struggles, which

were those of Europe against Asia. The fortresses along its banks still bear witness to them. Linz, Vienna, Pressburg, and Budapest are so many sentinel-cities. But the Danube has also made possible the fusion of races and the exchange of commodities, and in the nineteenth century, after the treaties of Paris and Berlin, human science was applied to its regulation, for we have long realized that the efforts of all the peoples of Europe ought to be united for betterment. Hence the International Commission, which has been able to settle the question of the Sulina mouth and the passage of the Iron Gate.

If there were any need for further insistence upon the necessity of uniting more and more our admirable network of railways, which is sufficient in itself to prove the development of our civilization, we could point to the fact that Europe possesses about 236,700 miles of rails, or 32 per cent of the world total, although her surface represents only eight per cent of the dry land of the world. In fact, the great routes are already really European: the line of the Northern plain, uniting Paris, Berlin, Warsaw, Leningrad, and Moscow and continuing in the trans-Siberian; the Central European line, passing through Vienna, Budapest, Constantinople and continuing by the trans-Asiatic; the uncompleted line of Southern Europe and of the forty-fifth parallel starting from Bordeaux and Nantes to reach, through Lyons and Milan, Odessa, and completed by the trans-Caucasian.

Similarly a series of efforts, admirable in many cases, has overcome the obstacle of the mountains—Pyrenees,

Alps, and Balkans—to create the great trans-Alpine lines: the French lines into Italy with the Mont Cenis tunnel exploited as long ago as 1871; the Lausanne-Milan line, with the Simplon tunnel (1906); the Berne-Milan line, with the Lötschberg (1911); the Basle-Milan line, with the St. Gothard (1883); the Basle-Vienna line, with the Arlberg (1884); the Munich-Rome line, running to the Brenner; the Munich-Trieste line, with the Pyhrn tunnel; the Vienna-Trieste line, with the Semmering and Tarvis passes. The European will has been able to impress itself upon the old Alpine range, with the industrious and resolute populations living in its valleys.

These little fatherlands, sheltered in the Alpine valleys, have been united by civilization, human groups bound together to resist the violence of nature, to control the torrent or raise cattle in common. The carriage-route took the place of the mule-track, to be succeeded in its turn by the railroad.

The trans-Pyrenean line, commencing at Bordeaux, is destined one day to link up Europe with the African world. Vienna is joined to Salonika by the trans-Balkan. For a Europe ready to unite, such a network, even in its present condition, would represent an admirable instrument, opening up almost indefinite perspectives. Already, from this summary examination, we can see that if Europe intends to play her full part she must arrive at an understanding, in the fullest sense of the word. She cannot avoid relations with Moscow, with Constantinople, with Odessa, all of them connecting links.

Here, as in the field we have been considering, the logic of geography and history points inevitably to union.

It will be sufficient to give some proofs drawn from the period in which we live.

1 Roads

To appreciate the importance of roads in the organization of a great empire, we have to go back to Roman times and, so far as the modern world is concerned, show at least the importance attached to them by Napoleon. We shall confine ourselves to the most recent efforts.

In 1909 the First International Roads Congress met in Paris and had a remarkable success. There were thirty-three nations represented, and 1600 of the 2400 members were present. It was decided to set up at once a permanent organization with headquarters in Paris to maintain contact between the members and to convene and prepare periodical congresses. The French Government made the necessary approaches to foreign Governments and in 1909 the Permanent International Association of Road Congresses was definitely formed with headquarters at 1 Avenue d'Iéna, Paris.

According to its constitution, the Association comprises:

1 Representatives of affiliated Governments. They form the permanent Commission which administers the Association through the executive bureau. There are at present fifty-one affiliated Governments, and the permanent Commission has

one hundred and seventy members among whom are fifteen delegates of the French Government;

2 Representatives of great communities or organizations, such as Departments, Provinces, Towns, Chambers of Commerce, Employers' Associations, Travel Organizations, and so on. Already 550 communities belong to it.

3 Individual members, such as engineers and industrialists interested in road construction as well as users of the roads. The present number is 1350, of whom 550 are life members. Since the meetings of the Congress temporary members and visitors have swollen the numbers. The funds of the Association are provided by subsidies from States or associated organizations, and by individual subscriptions.

The Congress meets sometimes in one country, sometimes in another, by Government invitation. A local Commission carries out the preparatory arrangements with the help of the Association's bureau, which draws up the agenda.

The second Congress was held at Brussels in 1910, the third in London in 1913, the fourth at Seville in 1923, the fifth at Milan and Rome in 1926, and the sixth in October 1930 at Washington. At the headquarters of the Association in Paris there are a library and a very extensive collection of documents dealing with roads and questions concerning them.

Between the Congresses, the Association publishes a bulletin, appearing every two months, and carries out the reviews and inquiries decided upon by the Congresses. Thus, in accordance with their decision at Milan, it has

just drawn up a Dictionary in six languages of terms employed on road works, and is now engaged on a study of the standardization of trial methods for the materials used in the construction and maintenance of embankments. In the same way it has prepared a method and a selection of units for a census of road traffic, which are now adopted by nearly all countries (France particularly has made use of them for the last census of national roads in 1928). The International Association of Road Congresses has already rendered very great help and will render still greater in the future to all the highways services (States, Departments, Towns, and Traffic Authorities) as well as to road users.

2 *Travel*

Similarly, an International Travel Office has been created with the object of a collective study of all questions concerning:

1 The improvement of the general organization of international touring and the directions to be followed to achieve this end by concerted action.

2 The co-ordination of the efforts of travel agencies with those of the representatives of Government Departments, as well as with those of organizations and groups of a commercial and industrial character directly interested in the exploitation of travel.

A first attempt at working together was made in 1921, in reviewing the possibility of adopting an international

regulation of road traffic. The Conference called for this object showed how fruitful international action can be. It demonstrated also the advantages of a collaboration between travel associations and the road administration. The most encouraging success was attained. With the object of applying the advantages of this method to other forms of travel activity, an executive Commission, over which M. Edmond Chaix presided, undertook to prepare for the setting up of a permanent organization, which it was agreed should be composed in all countries of the delegates of the large travel agencies, representatives of the administrative authorities concerned, and also the delegates of commercial and industrial groups directly interested in the exploitation of touring. This Commission held very fruitful meetings, as a result of which the various countries and great international organizations were invited to a conference to establish an International Touring Council. During these meetings, which were held in Paris on February 18th, 19th, and 20th, 1925, at the Ministry of Public Works, the Assembly, in a very cordial spirit, created a Central Council of International Travel with its own regulations. It was decided that this Council should have its headquarters in Paris. The members of the bureau, according to the rules, are to be of the nationality of the respective countries in which offices are situated. Twenty-six Governments and thirty-seven Associations have joined it.

The second Assembly took place on October 27th and 28th, 1925. After settling a number of domestic questions

the Council made a very careful study of the text of resolutions dealing with road traffic to be presented to the International Diplomatic Conference fixed for April 1926.

The questions on the agenda of the third General Assembly, held on October 29th and 30th, 1926, aimed principally at fixing the most favourable conditions for the development of international railway, maritime, and aerial routes. The fourth General Assembly, on October 14th and 15th, 1927, discussed in general such points as the granting of facilities to travellers to secure the necessary travel permits, and permission to take motor cars or bicycles across the frontiers, the organization of tourist publicity by the distribution of its reviews, maps, etc.

The principal object of the fifth General Assembly, held on December 12th, 13th, and 14th, 1928, was the simplification, by means of unification, of customs permits and the fixing of their date of expiry, the simplification of the levying of taxes on automobile traffic, unification of road signs, and establishment of international information and statistics concerning touring in the different countries.

3 Postage

In this department the progress towards internationalism has been truly remarkable. When Louis XI in 1464 created this service in France and established a Grand Master of the Couriers, the organization was intended only for the Sovereign. Progress began with Louis XII, who permitted private individuals to make use of his services. The Constituent Assembly transformed it into a gen-

uine public service and in 1791 the State itself undertook its exploitation. Further improvements were made by the law of 1806.

Before the constitution of the Postal Union, however, there was no unity in international postal relations. The conditions of the different systems of inter-State relations were laid down in private conventions, and great complexity in postal services was the result. Tariffs varied not only from one country to another, but within the same country according to the route used and the area in which were situated the offices of departure and destination. The products of the postal taxes were divided between the corresponding offices according to the presumed value of the services rendered in each country; the necessity of dividing the charges by every parcel of letters or printed matter into unequal portions gave rise to a very complicated system of accounting from day to day. The transit duties, i. e., the rate of payment to be made to the intermediary States for the transmission of correspondence between non-contiguous countries, were as variable as the initial and terminal taxes. To sum up, postal rates were at once very high, very numerous, and very complicated in their application.

A tendency to improve and simplify international relations manifested itself in the second half of the nineteenth century. The substitution in most European countries of a uniform and, where letters were concerned, reduced tariff, for the old system of rates in proportion to the distances, brought about a reduction of the excessive

charges which hampered international correspondence. In the private conventions concluded from 1859 onwards, a new principle tended to assert itself, that of attributing to the contracting States all the taxes levied on their respective territories. On the motion of the United States a Commission, composed of delegates of a certain number of countries, among whom were Austria, Belgium, Spain, France, Great Britain, Italy, the Netherlands, Portugal, Russia, and Switzerland, met in Paris. Its business was not yet to draw up the clauses of a general convention but simply to exchange ideas, to make a common study of the facts, and to draw from them principles which might guide the administrations in arriving at the basis for future conventions. The results of the deliberations of the 1863 Convention had no compelling force but they were none the less of value because of the importance and extent of the interests represented by the delegates who attended. We may say, therefore, that Paris was, in a manner of speaking, the cradle of the Postal Union although the first Convention was not formally concluded until 1874 at the Berne Congress.

Thus the idea of a Postal Union gradually took shape. The initiative for its formation came from Germany. The plan of this Union, which provided a basis for deliberations, was the work of Herr Stephan, Director-General of Posts of that country. The first Postal Congress was called at Berne in September 1874. All the European States as well as Egypt and the United States were represented there. On October 9th, 1874, was signed the treaty

constituting the General Postal Union of which France became a member on May 3rd, 1875. The principal clauses of this treaty were: The constitution of a general Union forming a single territory from the postal point of view within which international correspondence was submitted to as uniform a regime as the monetary or other systems of the affiliated countries permitted, each administration applying a single and identical tariff to all the correspondence that it exchanged with the other countries in the Union; complete equality of voting rights of all the affiliated countries, the attribution to each office of taxes levied by it, on condition that "costs of transit" should be handed over to the countries which provided for carrying postal dispatches; regulation of transit costs by the periodical publication of statistics. This was a veritable revolution in international postal relations. Uniformity was substituted for the multiplicity and confusion of taxes and laws; frontier barriers were removed and rates considerably reduced.

The second Congress was held at Paris in 1875. If the gathering at Berne was the foundation Congress, in laying the first stones of the edifice, this second one, by enlarging and strengthening the foundations, definitely established the Universal Postal Union. The decisions of the first Convention had a somewhat indefinite character because of the necessity of taking count of the diversity of private systems, of smoothing the way for transitions and facilitating membership. The Paris Convention, signed after a month of deliberations, on June 1st, 1878, consoli-

dated, clarified, unified, and improved it. Congresses were held successively at Lisbon in 1885, Vienna in 1891 (where the International Bureau of Posts was constituted as a Central Compensation Office), Washington in 1897, Rome in 1906, Madrid in 1920, Stockholm in 1924, and London in 1929.

The work achieved since 1863 has not yet reached finality for, like every human work, it is capable of indefinite improvement. Such as it is, however, it represents an immense advance over the pre-existing state of affairs by the facilities of all sorts that it affords for international correspondence and the transmission of the various minor objects accessory to a postal service, an exchange which was previously complicated by a great variety of difficulties.

The advantages of the Union may be summed up under three heads:

1 *Reduction of rates*—Of all the progress achieved, that which impresses the public mind most is the fact that the rates adopted are so remarkably low, since of this the public can see the benefit.

2 *Uniform administration*—The uniformity of rates and of rules has been pushed as far as the variety of monetary systems and of legislation in the affiliated countries permits. If it is not absolute, at least each of the contracting parties is bound to apply a uniform regime and treatment in its relation with all the others.

3 *Solidarity among the offices*—These are considerable results; they have been rendered possible only by the generous spirit which inspired the constitution of the Union

and has enabled it to live and grow, which animates the deliberations of the Congresses, leading to a sacrifice of private interests for the general good.

A new principle, that of the interdependence of the nations, now dominates international postal relations, and has caused harmony to take the place of division, progress to supersede routine, fiscal greed to give way to financial disinterestedness. It has overthrown the old barriers and opened to the circulation of ideas, frontiers which previously were half closed by quasi-prohibitive tariffs. In virtue of the principle of liberty of transit laid down by all the Postal Congresses, each State agrees to receive letters and parcels from abroad, to allow them to circulate on its territory, and to dispatch them by the most rapid routes, just as it does its own, for an equitable and moderate remuneration. This integration of the offices following on the antagonism which previously existed, is no less remarkable a result than the reduction of rates and the uniformity of rules, though it may be less apparent to the general public.

The Postal Convention has been able to avoid or to bring about the peaceful solution of conflicts between members of the Union. In case of disagreement, the postal administrations can take the opinion of the International Bureau on disputed questions. They may also resort to arbitration, in which case each party selects as arbiter a member of the Union with no direct interest in the matter. Decision is by simple majority and in case of equal voting another administration, equally disinterested, is

called in. The rules governing the Postal Union are the conventions and arrangements drawn up at the Congresses, with certain detailed regulations. All the members are bound by the articles, which refer to correspondence in the strict sense, and to the general body of postal intercourse. Six general arrangements deal with packages of declared value, postal packets, money orders, collection orders, subscriptions to newspapers and periodicals, and postal transfers.

The Convention and arrangements are diplomatic instruments which can be modified only with the consent of the Governments affiliated to the Union. The administrative rules, however, may be changed by a simple agreement between the postal administrations.

Such is the constitution of the Universal Postal Union. It is embodied in the principal Convention and in the general arrangements, is elaborated in the Congresses, which are the representative assemblies of the Union, and is subject to indefinite revision, either at the plenary sessions of the Congresses and Conferences or by correspondence through the intermediary of the International Bureau.

The Congress must meet at least once every five years, and in addition to these periodical gatherings, meetings of plenipotentiaries or simple administrative conferences are held, according to the importance of the questions at issue, on the requisition of at least two-thirds of the Governments and administrations. Between the meetings, the International Bureau, whose headquarters are at Berne, serves as a link between members of the Union.

Its functions are defined by the principal convention of the Union as well as by the detailed regulations. It is charged with the duty of collecting, publishing, and distributing information of every kind which concerns the international postal service; of giving, at the request of the parties concerned, an opinion upon questions in dispute; of making known proposals for modifying the detailed regulations; of giving notice of alterations adopted; of making inquiries and investigations in the interests of the Union; and with general statistics, the editing of the journal *L'Union Postale* and of *Le Dictionnaire Universel des Bureaux de Poste,* adjusting the balances between the offices in matters relating to the postal and even the telegraph services, preliminary work for the Congresses and Conferences, in which the Director of the International Bureau takes part but does not vote. The official language of the Union and the International Bureau is French.[1]

4 Telegraphs

The electric telegraph, employed in various countries since 1849, was destined rapidly to leap the frontiers, and international arrangements consequently soon became necessary. In 1850 a group of States in Central Europe established certain uniform rules, and three years later a group was formed in Western Europe. In 1857 the Swiss Federal Council undertook the preparation of a common convention for all the States of continental Europe, to enable

[1] We are indebted to the French Minister of Posts, Telegraphs, and Telephones for technical assistance in this part of our study.

them to profit by the progress of science and industry.

Some years later, in 1865, France proposed to all the European powers to form a conference for the negotiation of a general treaty. The results of its labours were:

1 The establishment of a Convention signed by twenty States;

2 The creation, as an appendix to the Convention, of a table of charges for each of the contracting States and a set of rules governing the working of the telegraphic service.

The decisions of the Conference took effect from January 1st, 1866.

The Telegraph Union was founded on the initiative of the French administration, which played a leading part. A new Conference was held at Vienna in 1868, and decided in favour of the creation of an International Bureau of Telegraphic Administrations, with definite functions and a fixed rate of contributions from the different States towards its upkeep. The Rome Conference, in 1872, decided in favour of the International Telegraphic Convention being accepted as a definite instrument in a simple and practical form in order to facilitate the association of the Governments and the great private telegraph companies. The following Conference, which took place at St. Petersburg in 1875, drew up, therefore, the text of a Convention intended to be fixed and unalterable in principle, with certain detailed regulations subject to periodical revision by purely administrative Congresses to meet every five years.

The Convention of 1875 is still in operation but the rules adopted at that time have been modified by successive conferences of which the last was held at Brussels in 1928. The Telegraph Union, then, is governed today by the International Convention of St. Petersburg, 1875, and by the service regulations of Brussels.

Under Article XIV of the Convention, a central body under the control of the higher officials of one of the contracting Governments—the Swiss Government, according to the rules—has to compile, co-ordinate, and publish instructions of all kinds affecting the international telegraph service, to investigate proposals for a modification of rates or working rules, to publish the changes adopted, and in general to deal with all the tasks referred to it. The function of this body, now known as the International Bureau of the Telegraph Union, with headquarters at Berne, is defined by the standing orders attached to the Convention. It acts as an intermediary between the administrations of the countries in the Union for the transmission of all documents relating to their internal organization and the dissemination of information on any improvements introduced. The International Bureau is informed of all measures affecting the composition and variation of internal and international rates, the opening of new routes of communication or closing of existing ones in so far as they have an international bearing, and of any closing or alteration of offices. Documents dealing with these matters are sent to the International Bureau at the time of issue, or not later than the first of the following month. The

telegraph administrations of the various countries also notify the Bureau by wire of all interruptions or resumptions of communication affecting international correspondence. At the beginning of each year they send statistical tables, as complete as possible, of the location of routes of communication, numbers of installations and offices, and so on. These tables are drawn up in accordance with the requirements laid down by the International Bureau, which also receives two copies of all publications of the various administrations. Experiments made in the various countries are communicated to the Bureau if they are considered likely to interest the other countries in the Union.

The International Bureau circulates in due course to the different administrations the particulars of telegraphic rates which it tabulates, and from which it extracts a general statistical table. From the documents placed at its disposal it produces a *Journal Télégraphique* in French. It prepares, publishes, and periodically revises official maps of telegraphic and radio-telegraphic routes, publishes a *Nomenclature des Bureaux Télégraphiques,* open to all the administrations, including the coastal wireless stations, with periodical supplements showing the additions and changes, and issues a *Nomenclature des Stations Radiotélégraphiques.* The Bureau is, moreover, always at the disposal of the affiliated administrations for any special information they may require bearing on international telegraphy and telephony. The documents printed by the Bureau are distributed on a proportional basis to the telegraphic serv-

ices of the different countries and it is the duty of the Bureau to give timely notice of all changes and resolutions adopted and the dates on which they become operative. It carries out the preliminary work of the telegraphic conferences, distributing agendas, notices of resolutions, etc.

The Director of the Bureau attends the sessions of the Conference and may take part in discussions, but does not vote. He is responsible for the annual report of the Bureau which is communicated to the telegraph administrations of all the countries in the Union.

The discharge of the Bureau's duties comes up for the examination and approval of the Conferences, the meetings of which may be anticipated on the request of ten or more States. The expenses appertaining to the work of the Conferences are a charge on the Telegraph Union, which bears also the working costs of the International Bureau.

States which did not take part in the 1875 Convention may join on request, made through the ordinary diplomatic channels to the State on whose territory the last Conference was held and transmitted by it to the others. It carries with it a full right to all the benefits included in the present Convention. The telegraph administrations of the contracting States may refuse the benefit of their conventional rates to adherents whose own rates do not conform to those of the interested countries. Administrations which operate routes of communication outside Europe, in respect to which they have joined the Conven-

tion, indicate which European or extra-European system they intend to employ.

There are at present seventy-three States in the Telegraph Union, and in addition twenty-one telegraphic companies have officially adopted all its clauses and conditions. A second group of twenty-three companies, without formally joining the Telegraph Union, conforms to its rules in actual practice.

The result of the creation of the International Telegraph Union has been to establish an international legislation which is applied practically all over the world, either by Governments or by private companies, and to supply its members promptly with the information on administrations, technique, and everyday problems which are indispensable to an efficient service.

The Telegraph Union, it may be added, has in some degree encouraged by its example the formation of other international unions or organizations, of which it remains, so to speak, the dean, and which have been set up since, notably under the ægis of the League of Nations. It is worth while, therefore, to emphasize this remarkable example as an illustration of the services which may one day be rendered by the central organization of a European federation, working in this way and according to these principles.

The International Consultative Committee of Telegraphic Communications was created by the Paris International Conference in 1925. Its duty is to study questions of technique and operation, particularly as affecting long-

distance telegraphy, or the methods of getting the best results from installations. It is composed of the experts of the participating administrations, which agree to contribute equally to the common expenses. The Conference nominates the administration charged with organizing the first meeting of the Committee and drawing up the agenda. The International Consulative Committee of Telegraphic Communications passes its recommendations on to the International Bureau, which communicates them to the various administrations in the Union.

The first session of this Committee was held at Berlin in 1926, when the agenda drawn up by the German telegraph service included questions of technique, operation, and organization. Referees were appointed to continue the study of questions which were not dealt with. At the second session at Berlin in June 1929, various problems were adjusted and others submitted for further examination to the referees. Between now and the next session, which will be held at Berne in May 1931, research will be carried on into problems particularly affecting the rates of transmission, the co-existence of telegraphic and telephonic circuits in the same cables, and so forth.

5 *Wireless Broadcasting*

The International Broadcasting Union was formed as a corporation under Swiss law, possessing a legal personality. Open to European wireless undertakings, it seeks to establish a link between the affiliated undertakings, de-

fending their common interests, centralizing the study of questions raised by the development of wireless telephony and their solution in a manner favourable to the interests of the members of the Union.

This International Union was constituted on the initiative of the British Broadcasting Company and a Swiss broadcasting organization after a conference in London in March, 1925. In the same year, the representatives of certain radio enterprises in Germany, Austria, Belgium, Spain, France, Great Britain, Norway, the Netherlands, Switzerland, and Czechoslovakia, took part in the conferences. The French wireless service was not consulted in the constitution of the group and did not take part until 1929. Meanwhile, it followed unofficially the work of the organization when it was interesting in its technical aspects.

In 1929 the European Radio-Electric Conference at Prague established a division among the different European stations of the wave-lengths allotted by the Washington International Telegraphic Conference (1927), and decided that the International Union might be consulted for collective action by the European wireless services in modifications of this plan. The Conference further decided that in order to fulfil this advisory function, the International Union should be ready to accept all the State organizations employing broadcasting on the same terms as other members. As a result of these decisions the International Union made the necessary modifications in

its rules, which enabled the French administration to join it and to be directly represented on its governing body and commissions.

In addition, the International Union set up a centre of long-distance control of frequencies for the European broadcasting stations. This centre, which operates at Uccle (near Brussels), reports monthly to the European administrations and enterprises affiliated in the Union. Three meetings of the Executive Committee and of the commissions have been held since the Prague Conference—at Lausanne in June 1929, at Barcelona in November 1929, and at Lausanne in May 1930.

6 Telephones

An International Consultative Committee for long-distance telephone communications was set up on the initiative of France in 1923, and its existence was confirmed by the International Conference at Paris in 1925. In view of the growing importance of international telephonic relations and the continual changes in telephonic technique it had become necessary to set up an organization permitting

1 The dissemination of improvements in apparatus and methods of working in various countries;

2 The achievement of a certain unity of outlook in the elaboration of programmes for the construction of long-distance circuits;

3 The adoption of a uniform code for practical questions affecting two or more countries.

The International Consultative Committee meets these needs. It is charged with the study of standard rules for the settlement of questions of technique and the actual working of long-distance international telephony, and it centralizes the information necessary for the study. It issues for publication in the *Journal Télégraphique* the information communicated to the Berne Bureau, and publishes documents (technical notices, maps, lists, statistical returns) relating to the constitution and extension of the international systems and the traffic of the principal international circuits, according to the information supplied it by each office. Periodical meetings of the members of the Consultative Committee enable the representatives of the various administrations to maintain direct relations and settle more easily the various questions they have to examine.

7 Electrotechnique

Established after the International Congress of Electricians at St. Louis in 1904, the International Electrotechnical Commission (I. E. C.) aims at unifying the nomenclature and classifying electric apparatus and machinery, with the object of establishing a uniform basis for international commercial transactions. From 1913 to 1919 it had a French President, M. Maurice Leblanc. Its permanent office is in London, and French and English are the official languages. The Commission meets annually. In each country a National Committee studies questions coming within the scope of the I. E. C., to which it

reports the results of its studies, and discusses propositions submitted to it by the Commission.

The I. E. C. has drawn up various definitions and standards by agreement between the National Committees. It is preparing an international vocabulary and a list of graphic symbols. It co-ordinates the rating of electrical machinery, terminal marks, lamp sockets and caps, and insulations; it specifies the definitions of normal tension, and attempts to fix units of hydraulic force. It is the body authorized to summon Congresses of Electricians.

A Conference set up in 1921 under the auspices of the I. E. C. has for its objects:

1 To study internationally, in accordance with the programme laid down at the time of its establishment, all problems affecting

(a) the operation of central stations and transformation posts;

(b) the construction, insulation, and maintenance of overhead and underground lines, equipment, and substations;

(c) the operation, protection, and inter-connexion of systems.

2 To facilitate the international interchange of information.

3 To organize a permanent co-operation among manufacturers of electrical material, line contractors, system operators, professors, and public engineers.

4 To work for the development and progress of electric industries throughout the world.

The organizers were French and from the beginning the President has been a Frenchman. Its Conferences, which meet every other year, have been held in Paris. At each session the Executive submits the question of the next meeting place, but Paris has always been chosen. French and English are the official languages.

This Association differs from the one previously mentioned (I. E. C.) in that it is open to all countries and private companies. It comprises, in fact, manufacturers and operators who discuss technical questions together. In this way certain conclusions are arrived at which are recognized as carrying a practically unanimous agreement and this preliminary work provides material for the I. E. C. to work upon in discussing the rules which arise out of these accepted principles.

The World Power Conference, which dates from 1924, is of British inception. The English, feeling that France had obtained a preponderant position in the various international technical associations, such as the Road, Maritime, and Railway Congresses, and impressed by the remarkable success of the first meetings of the High Tension Conferences, sought to put England at the head of an ambitious association with the object of studying all the problems connected with various forms of energy. It was not merely a question of prestige. The founders were associated with the B. E. A. M. A. (British Electrical and Allied Manufacturers' Association), and wished to favour the export of British material. From the outset, two countries took up the new organization, the United

States and Germany. The Americans had an eye on the international financing of electrical concerns under the direction of American banks. Their proposals were evaded at the first plenary Conference, but they appear to be disposed to bring them up again at the third, which is to be held in the United States in 1936.

Those responsible for the Conference appear to wish at present to come to an agreement with other associations in order to define their aims and the scope of their activity. If they succeed in this, their programme would become less comprehensive, but perhaps more practical.

In nearly all countries, and especially in France, there are committees or professional associations of manufacturers and distributors of energy. During the 1924 Congress of the Chambre Syndicale Française, to which foreign organizations were invited to send representatives, the idea of a permanent international association was mooted. It was constituted on January 1st, 1925, by the professional organizations, to which were subsequently added the representatives of similar bodies in other European countries and the United States. The *Unipède,* organized on the model of similar associations, holds annual conferences at which questions are discussed from the professional point of view, i. e., that of relations with customers, with the public authorities, and with competing sources of energy. The *Unipède* is in friendly relations with the International High Tension Conference and is at present engaged in negotiations with the World Power

Conference for mutual agreement on their respective fields of activity.

8 Barrages

An International Barrage Commission is the result of the opinions expressed at the Grenoble Congress in 1925 by the French Association for the Advancement of Science, on the motion of various foreign delegates. It has for its object the study of the construction of the great barrages and dams, strictly from the technical point of view, and is concerned, therefore, not only with the production of energy, but with irrigations and navigation. As these questions appertain for the most part to the public services, the French Government in 1928 took the initiative in proposing to foreign Governments that they should take part in the establishment of this Commission. The great majority of the replies being favourable, the Commission was formed in 1929 with headquarters in Paris. It has a National Committee in each country, sometimes consisting exclusively of representatives of the public services, sometimes of private industrialists and engineers, and sometimes of mixed membership. It works in harmony with the World Power Conference for the study of technical questions.

9 The Role of the League of Nations

Many other examples could be given. Those we have selected are sufficient to show the richness of the idea sub-

mitted to the various Governments in M. Aristide Briand's *Memorandum,* as well as the rapidity with which, in machinery as well as in production, the movement towards international understanding has advanced in recent years. It remains to indicate briefly the part played by the League of Nations in these matters. It is not a negligible one.

Already it has set up an organization of communications and transport, acting by authority of a general resolution adopted by the first Assembly on December 8th, 1920.[1] On December 9th it was decided to convene a General Conference, and this Conference set up an Advisory and Technical Committee "to consider and propose measures calculated to ensure freedom of communications and transit at all times, and to assist the Council and Assembly of the League in discharging the functions entrusted to the League by Article XXIV of the Covenant, Articles 342 and 378 of the Treaty of Versailles, and the corresponding articles in the other treaties."

Since July 1921 this Commission has been operating continuously. Its fourteenth session was held from the 10th to the 15th of March 1930. It deals with questions submitted by the Council and the Assembly, adjusts certain differences, and studies problems on its own initiative. Through its committees and sub-committees it arranges for international conventions, with preliminary diplomatic conferences in which Governments take part.

[1] I am indebted to M. Sylvain Dreyfus, French delegate to the League of Nations, for assistance in this part of my work.

The first General Conference of Governments was held at Barcelona in 1921, and drew up two very important agreements, one on freedom of transit and the other on navigable routes of international interest, a matter of capital importance.

The second Conference, which was held at Geneva in 1923, drew up four agreements dealing (1) with international systems for railroads and (2) for maritime ports respectively, (3) with the transport and transit of electrical energy, and (4) with the control of hydraulic forces where several States are interested. Various other matters have been dealt with by conventions, such as the measurement of vessels, passports, etc. In 1927 there was a third Conference, which, however, did not establish any general agreements. It considered the organization of an intelligence system and prepared a draft Convention for identification cards for persons of no nationality. A fourth General Conference is to be held in 1931.

The Convention for the control of navigable routes of international interest has now been ratified by a large number of States. To appreciate the activity of the Consultative Commission, it is sufficient to examine the list of resolutions at the fourteenth session, in March 1930, on road traffic, on internal navigation, on railroads, the control of emigration and the unification of transport statistics. The Consultative Commission is charged with the interpretation of the St. Petersburg Telegraphic Convention, and the settlement of differences concerning the competence of the European Danube Commission. It ar-

ranges and supervises co-operation in civil aviation, and intervenes to moderate competition between railways and waterways. It concerns itself even with contraband alcohol. The Commission draws up recommendations for cases in which serious events of a general character affect means of communication and interrupt international rail transport: all the Governments have then to co-operate towards their re-establishment. Finally, it arbitrates in disputes between certain Governments and railway companies.

Within this world-wide organization certain semi-official work of a purely European character has been carried out. There is, for example, the European Conference on Ship Measurement (International Conference of November 27th, 1926), and the unification of river laws (questions of the nationality of vessels, mortgages, manual labour). By all appearances, in the matter of interior European navigation, a legal dispute between a French and an Argentine vessel would be impossible.

The League of Nations has gradually penetrated all the old European organizations. The European Danube Commission remains valid for matters concerning the river-mouth and maritime navigation; where strictly fluvial rights are concerned, an International Commission, set up by the Versailles Treaty, is responsible. Under the same Treaty, French representatives figure on the Elbe and Oder Commissions, and English and Italians on the Rhine Commission (Article 331). The Elbe, the Oder,

the Niemen, and the Danube are henceforth international rivers.

The study of the Briand Memorandum in its bearing upon the economic machinery would require, needless to say, a deeper and more extensive consideration. Already, however, we believe we have established the following points:

1 The necessity for co-ordination among the various countries in these matters stands in no need of proof. It is the logical and necessary consequence of an uninterrupted historical process which the late war has accelerated.

2 The multiplicity of international associations creates a danger of mutual rivalry and confusion unless they can be organized on a rational basis, or—to borrow an expression we have already had occasion to use—unless the horizontal organization of the economic machinery can be complemented by a vertical organization. How, for example, can we avoid co-ordinating telegraphy and broadcasting or the railway systems with navigation?

3 This co-ordination is precisely the work for the League of Nations.

4 It is not proposed—quite the contrary—to destroy the international organizations which have proved their value, such as the postal and telegraph services upon which we have especially insisted.

5 In many cases, however, the number and the complexity of the problems will render a geographical division necessary and this is particularly indicated where economic machinery, roads and canals, rivers and railways, are concerned. The division will become necessary, while the development of the international idea, which is still young, will demand that we employ the searchlight of analysis to save us from the chaos of excessive complexity.

Chapter Eight

FINANCES—LABOUR—PUBLIC HEALTH

CONTINUING our study of M. Aristide Briand's Memorandum we find three new divisions of the subject submitted for our consideration.

Finances: Encouragement of credit intended for the advancement of the economically less developed regions of Europe; European market; monetary questions, and so on.

Labour: Settlement of certain labour questions peculiar to Europe, such as labour in inland navigation and in glass trades; questions having a continental or regional character, such as the regulation of the social consequences of intra-European emigration (application by one country to another of laws respecting labour accidents, social insurance, workers' pensions, and the like).

Public Health: General extension of certain methods undertaken by the health organization of the League of Nations, such as reclamation of agricultural areas; application of insurance against illness; regional schools of hygiene; European epidemiology; exchange of information and officials between national health services; scientific and administrative co-operation in the struggle against great social scourges, against occupational diseases and infant mortality, and so on.

M. Francis Delaisi's recent book, *Les deux Europes,* has considerably enlarged our horizon on these subjects. In the last ten years, the author points out, a hundred million European peasants, as a result of an unprecedented revolution, have become proprietors. Henceforth the farmer, being master in his own house, asks no more than to be permitted to work, provided he is given modern machinery and working capital. "Give him what he asks, and very soon the magnificent lands of Galicia, of the Ukraine, of Rumania, of Hungary, the irrigated fields of Italy and of Spain, will show as good returns as the same land in industrial Europe. Instead of yielding thirteen to fifteen bushels of wheat to the acre, they will produce thirty, as in Germany, or thirty-two as in Belgium. With the surplus of his harvest, the peasant will have no difficulty in paying interest on his advances and he will still have enough to provide himself with clothing and the thousand and one little luxuries that go to make up Western comfort. . . . Salvation for the European lies in the return to Europe."

To achieve success in such a work as this or, indeed, merely to study it, will demand new instruments. The Bank for International Settlements is one of them. This establishment, after finding itself charged with all the internal administration of reparations, has been called upon to contribute, within the limits of reasonable borrowing, to the stability of international finance and the increase of world trade. As M. Gignoux has pointed out in the

course of his report to the French Chamber,[1] the first appendix to the work of the experts shows that, in the opinion of these experts, the functions of the Bank in relation to international settlements ought to take precedence of its functions in the matter of reparations.

The Bank receives and distributes the payments from Germany, assists in the mobilization of the unconditional payments, and intervenes in case of suspension of transfers. It may even render temporary assistance to Germany to enable her to make her annual payments, place Reichsmarks and grant credits to the purchasers of deliveries in kind. It has various resources at its disposal (deposits, securities, capital and reserve funds, shares), in order to facilitate international settlements. It can carry out all banking operations in currency, bullion, stocks, advances on security, and purchases of values (private company shares excepted). It may "assist the expansion of world trade by financing certain undertakings, particularly in countries still undeveloped, which could not otherwise be carried out." There are only two reservations: (1) The Bank must not interfere with the ordinary operations of existing establishments; (2) its powers in relation to investment must not be so employed as to exercise an undue influence upon the economic interests of any country.

The experts at Baden-Baden introduced certain changes

[1] No. 3070. See the addresses of MM. Paul Reynaud and André Tardieu (Paris, Guillemot, 11 Rue Cail); Roland Maspétiol, article in the *Revue Economique Internationale* of May 1930.

in this regime as it was left by the Young Plan, but the rules drawn up by them still give the foremost place to co-operation with the central banks, and the provision of new facilities for international financial operations. M. Gignoux has made clear in his illuminating report the operations in which the Bank may engage.

We may reasonably hope that, wisely directed as it is, the Bank for International Settlements will develop its European role from year to year. The Experts' Plan and the rules lay down principles which can be vitalized by an informed intelligence and a deep conviction. Not only can the new establishment help to dissipate the war-time and post-war "psychosis" by drawing together the nations that were recently at war and assist in the economic development of Germany by helping her to find credits, but it can reduce certain dangers to Europe. International transfers of political debts give rise to most intricate problems; they swell the national needs in foreign currencies, which, added to the ordinary financial requirements of trade, threaten the stability of the exchanges. The Bank is able to simplify and condense these payments of political debts. Germany will no longer have to pay francs to her erstwhile enemy, for her to convert them into pounds, which Great Britain in turn will convert into dollars to be forwarded to the United States. Through the establishment of a clearing-house, the carrying out of international agreements is facilitated and a certain solidarity in the eyes of the United States, which was destroyed by such instruments as the Mellon-Baldwin agreement,

is restored to Europe. Henceforth there is a single collecting centre for the funds to be paid to America, the multiplicity of exchange operations is avoided and the position of the debtors is unified. If it has received the funds, it pays bills at maturity; if it has not, it asks for a moratorium for the debtors as a whole.

This moratorium, however, may be averted if the collecting organization, instead of fulfilling the somewhat summary role of a bailiff, can become a means of co-operation between the various central banks or public services charged with maintaining monetary stability, and can establish solidarity among them. The Bank may in this way become a sort of mutual insurance society for the maintenance of monetary stability in all countries for the common benefit.

To pool a part, however small at first, of the exchange resources of all the banks and thus to create a fund which may be used to stiffen a weak market, is, in fact, to create a regulating force. The interested parties in June 1930 were France, Germany, Great Britain, Italy, Belgium, Switzerland, Holland, Sweden, Finland, Austria, Czechoslovakia, Hungary, Bulgaria, Rumania, Danzig, Poland, Greece, and Denmark; and the United States and Japan, Yugoslavia, Portugal, and Spain will associate themselves with this alliance of financial solidarity. Thus we find the whole of Europe joined in association with two great non-European powers.

The creation of a monetary link must contribute very greatly to the establishment of European federation; the

international organization of credit will greatly facilitate that economic organization, the necessity for which we have argued at such length. The inflations, financial crises, and convulsions which have occurred have shown the importance of a fixed scale of values, the necessity of a sound monetary system. We cannot arrive at an economic order in which the free circulation of commodities will be possible unless we have a free circulation of capital. If we are to enlarge and co-ordinate the restricted markets among which the activity of Europe is split up today, if we are to lower tariff walls, we must be able to sell on a large scale, as does the United States. Now we have shown that the tariff truce idea was premature. It is for the International Labour Office and the Bank for International Settlements to render it possible. Already we can see the necessity, which is recognized in principle at least in the Briand Memorandum, of combating the excessive inequalities in the scales of wages or in the supply of capital. In the interests of the workers we must have labour conditions which are at least approximately similar. We have also, however, to regularize the supply of credits and to see to it that the rewards of thrift in any given country are not too small, whereas in another country there is a shortage of capital. In other words, we must have a better distribution of capital, create a European credit policy, direct short-term money towards the long term, induce those parts which cannot use their resources to disgorge for the benefit of those which are suffering from under-consumption. By these methods, and by these

methods alone, we shall advance towards rational production in Europe, towards the creation of great economic markets, and that lowering of tariff walls which, as we believe we have shown, must mark the end and not the beginning of a wise, logical process.

This was the method of the Swiss cantons, Basle and Geneva, Zurich and Berne, and it must be the method of the various European States. The Bank for International Settlements may render immense help by bringing the policies of the central banks into agreement with one another, by assisting the public monetary services which are charged with the stabilization of exchange. All the deductions that we have been able to make show that European federation is impossible without military security, but financial security is equally indispensable in order to ensure the free and confident circulation of capital. In this organization, there is an essential role for France to play; it is that which the State of New York has played in the establishment of the American market. The sole condition is the necessary renunciation of economic and financial nationalism.

There are some who will see in all this the vesting of political functions in the Bank for International Settlements. In the common acceptance of the term, this is not so, but if we employ a nobler interpretation of the word "political" we need not hesitate to admit it. To maintain financial stability, develop the means of existence of the nations, ensure international prosperity, and co-operate in the work of peace—these are objects which science and

morality demand more insistently than politics in the traditional sense of the word. The institution at Basle, therefore, must be in constant touch with the great organization at Geneva for the work, which will be a long and difficult one, of bringing about a new conception of the State, larger than the narrow ideas of the eighteenth and nineteenth centuries and taking account of all the new facts which arise from the complexity of modern life.

A wise man has said: "My neighbour cannot have rain in these days, without my feet getting wet," and nothing could be truer. The co-operation of other countries is necessary if changes are to be brought about. Hence the re-discount agreements between the central banks (Belgium, Italy, Poland, Rumania). An almost unlimited field of labour is open to the Bank for International Settlements, and we may count on M. Pierre Quesnay to bring all the necessary intelligence and prudence to bear on it. We regard it as one of the essential organs of the future European federation.

In the course of this rapid summary, we have already been led to insist upon the inter-relation of credit problems and the problems of labour. We have been compelled to recognize the necessity of considering together the question of the provision of capital and that of the payment of wages, and of linking the Bank for International Settlements, or, at any rate, its work, with the remarkable undertaking of the International Labour Office.

If we turn to the work of the Preparatory Technical Conference at Geneva on the coal problem, we find that it had first to consider this wages question. It was a difficult question, but a very important one, when we remember that in this industry wages may amount to three-quarters of the total cost of production. A producing country in which wages are low must enjoy a considerable advantage in the world market. If the European coal industry is to be rationalized, it is necessary to establish uniform wages, taking account of the relative level in each of the countries.

It is no small problem. For, what are wages? In the manufacturing industries wages consist almost entirely of cash payments. In the mining industry, on the other hand, there are other important elements such as the supply of coal and housing. Life with its variety and flexibility intervenes to upset and complicate the study of the economist. Allowing for all this, however, we can deduce certain general principles. In Great Britain in 1927 about 96 per cent of the total wages was paid in cash; in the Polish minefields of Dombrowa the proportion was only about 77 per cent. An international agreement based solely upon money wages would therefore be inadequate; it must at least make allowance for payments in kind.

Then there are the charges imposed by social insurance, which introduce another complication into the European labour problem. The employers' contributions to social insurance represent 5 per cent of the total labour

charges in the British and Belgian coal industries, 1 per cent in Polish Upper Silesia, more than 12 per cent in the Ruhr and in German Upper Silesia, and 14 per cent in Saxony.

Here the figures suggest an objection to anyone who examines them frankly. Would not the unification of labour conditions have the effect of suppressing that spirit of emulation which is the mother of progress? The average is the enemy of the maximum. This is an objection which deserves to be considered. We may reasonably expect, however, that the countries with an advanced social status would retain their prestige within a European federation. At present (or in 1927 at any rate), earnings vary considerably in the different European countries, as may be gathered from the table opposite, in which the earnings are converted into gold francs.

The data embodied in this table represent total earnings, including payment in kind, etc., but not including the employers' contributions to social insurance; the comparison of *Real Wages* takes into consideration the cost of living. These examples show the difficulty of establishing international agreements where wages are concerned.

These difficulties, according to the report, ought not, however, to discourage the effort to study all the questions that can be examined internationally. It is evident, in fact, that conventions between States can only be regarded as representing an advance where they do not injure the interests of the workers. Various methods have been suggested, and particularly the fixing of an inter-

EARNINGS OF THE GENERAL BODY OF MINE WORKERS, PER WORKING DAY

COUNTRY	EARNINGS IN NATIONAL CURRENCY		*Relative Scale Great Britain = 100*	
			GROSS EARNINGS IN GOLD	REAL WAGES
Belgium	Francs	44.36	47	68
Czechoslovakia ..	Kroner	47.24	54	63
France	Francs	36.11	54	65
Germany:				
Ruhr	Marks	8.68	79	75
Upper Silesia ..	"	6.63	60	57
Saxony	"	7.78	71	62
Great Britain	Shillings	10*s.* 11*d.*	100	100
Netherlands	Florins	5.35	82	96
Poland:				
Upper Silesia ..	Zloty		39	50
Dombrowa ...	"	8.18	35	50
Saar (per post) ..	Francs	40.24	63	66

national table of minimum wages, the rates of which would vary in agreed proportions from one country to another. The principle of the minimum wage was fixed as long ago as 1912 in the British coal mining industry. The International Labour Conference at its 1927 and 1928 meetings studied the problem of minima and adopted a convention to regulate procedure and to commit the protection of the minimum wage in every country to a special organization. The creation of such an organization implies a recognition on the part of the Governments of the principle of protecting the workers in badly paid industries.

The ethical sentiment which inspires measures of this kind is in its infancy, but that is no reason why we should despise it and refuse to protect the worker where he is not already protected by collective contracts. Speaking of the coal mining industry, the referee reports:

> Wages make up a considerable part of the total costs of production and it seems to be advisable to establish, side by side with the minimum rates, a system of payment by results, depending in some way upon the degree of prosperity of the industry.
>
> Thus in Belgium, wages are modified from time to time according to variations in the cost of living and the price of coal. In Great Britain wages vary in different districts with the net production of the industry, this latter being divided between proprietors and workmen according to a fixed proportion.
>
> There is an undeniable value in the international consideration of these and other principles of settlement which have been successfully applied in different countries. We may expect an appreciable progress from such discussions between representatives of employers, workmen, and Governments, based upon the experiences of different countries with the adoption of various systems of wage regulation. The problem is, above all, to find an objective test of the prosperity or decline of different undertakings in order to avoid a blind rivalry and fruitless struggles. International discussion on these lines may possibly bring to light certain principles which can be generally applied in the different countries.

This example is sufficient to prove that it is impossible to organize European production without facing the labour problem as it exists today. True, the League of Nations has the International Labour Office as a permanent investigating body. Presided over with an unchallenged authority by Mr. Albert Thomas, this bureau prepares the agenda of the Conferences, which adopt conventions by a two-thirds majority, and these are submitted to the various countries for ratification.[1] They fall into three classes:

1 Conventions concerned solely with the establishment of uniformity in national legislation.

2 Conventions aiming also at equalizing the conditions of international competition (e. g., in coal).

3 Conventions to secure for workers in foreign countries conditions equal to those enjoyed by the natives of those countries, and a share in any advantages secured by them. The project relating to industrial accidents belongs to this category.

The texts of these draft conventions or recommendations adopted between 1919 and 1929 are to be found in the valuable collection of documents issued by the International Labour Office in 1930. It will be noted that the conventions of a general character, such as the draft concerning labour, have special provisions for non-European countries (Article IX for Japan, Article X for British India, Article XI for Persia, Japan, and Siam). The Peace Treaty, in Article 405, provides:

[1] Peace Treaty, Section XIII; art. 387 *et seq.*

> In framing any recommendation or draft convention of general application, the Conference shall have due regard to those countries in which climatic conditions, the imperfect development of industrial organization, or other special circumstances make the industrial conditions substantially different and shall suggest the modifications, if any, which it considers requisite to meet the case of such countries.

This Article 405 would seem, then, to contemplate economic groupings within the League of Nations.

In theory the conventions are applicable to all members of the League, but, in fact, the absence of the United States and the federal character of various other American States give these agreements an almost exclusively European character. In the Asiatic States (India, China, Japan), labour conditions remain very different. There are even conventions, like the plan for work in coal mines, which, as we have seen, concern only Europe. Universal in principle, the International Labour Office has pre-eminently a European role.

Over and above the international conventions, bilateral agreements are made, with the same objects, but on a more limited scale. They are principally concluded by those States between which there is a current of migration. France, a great immigration country, has been led to sign numerous treaties of this kind, with Italy, Poland, Czechoslovakia, Rumania, Austria, Belgium, and Great Britain. Similarly an agreement has been prepared for boat traffic on the Rhine. A scheme is now under consid-

eration for a rest-day for glass-workers, which, though universal in its scope, will apply principally to Europe.

M. Briand's Memorandum calls for "the regulation of the social consequences of intra-European emigration." This problem is, above all, centred in France, which, while the United States is closing its doors more and more, has become the only European country open to permanent immigration. In 1929, 68,450 agricultural workers entered France, compared with 61,687 in 1928 and 45,547 in 1927. Industrial immigrants numbered 110,871 against 36,000 in 1928, and 18,000 in 1927. The following table shows the division among nationalities:

Sources and Classes of Immigrants Entering France in 1929

NATIONALITIES	INDUSTRIAL	TURAL AGRICUL-	TOTAL
Belgian	8,855	15,127	23,982
Italian	22,368	11,854	34,222
Spanish	2,803	16,171	18,974
Polish	39,182	16,087	55,269
Portuguese	10,629	2,279	12,908
Czechoslovak	5,021	3,529	8,550
Greek and Armenian	305	0	305
Yugoslav	7,020	1,130	8,150
Swiss	481	542	1,023
Russian	2,620	499	3,119
German	7,197	927	8,124
Austrian	1,673	0	1,673
Miscellaneous	2,717	305	3,022
Totals	110,871	68,450	179,321

The total movement of immigration in France from 1922 to 1929 is indicated in this table:

MIGRATIONS OF INDUSTRIAL AND AGRICULTURAL WORKERS IN FRANCE, 1922–1929

YEARS	IMMIGRANTS EMPLOYED			EMIGRANT WORKERS	IMMIGRANT EXCESS	EMIGRANT EXCESS
	IN INDUSTRY	IN AGRICULTURE	TOTAL			
1922	107,787	73,865	181,652	50,309	131,343	—
1923	184,255	78,622	262,877	59,951	202,926	—
1924	175,170	90,185	265,355	47,752	217,603	—
1925	104,477	71,784	176,261	54,393	121,868	—
1926	98,949	63,160	162,109	48,683	113,426	—
1927	18,778	45,547	64,325	89,982	—	25,657
1928	36,055	61,687	97,742	53,759	43,983	—
1929	110,871	68,450	179,321	38,870	140,451	—
Totals	836,342	553,300	1,389,642	443,699	971,600	25,657

It must be remembered that these statistics deal only with workers who enter the country with a definite employment in view. There are a number of foreign workers, however, who arrive with an ordinary passport, and, once in the country, manage to find employment. They are then required to adjust their position in relation to the labour market, in order to obtain the identification card demanded by the regulations. These workers do not figure in the statistics already given which, therefore, do not give a complete account of the number of foreign workers entering the country.

This does not mean that we propose to treat the labour problem from a purely French, or even from a purely European, point of view. We must at all costs preserve the international character of the International Labour Office. It has very thoroughly justified its existence, as the collection of documents recently published at Geneva proves. Each of its twelve sessions has given excellent results. In 1919 it studied unemployment, the employment of women before and after childbirth, and the minimum age for the admission of children to industrial work. In such questions, however, as that of night work by women it was found necessary to make an exception for countries in which the climate is unsuitable to work by day. The draft convention on a minimum age for industry is not applicable to India. We have only to read the volume dealing with Labour Legislation in the United States to see the extent to which the American situation is peculiar to itself.

Some aspects of the labour problem in China have been studied by P. Hervig, in the *Revue Internationale de Travail* for January 1927. Mr. Tang Tsai Fu declared in 1925 that it was impossible to bring about a complete transformation of labour conditions in this country in a day. In 1923 the Peking Central Government introduced a very interesting law dealing with factories, but the subject was so novel that it became necessary to introduce a new word—*Kung Chang*—to describe the modern industrial establishment. The Government was able to make it applicable only to factories employing more than a hundred

workers, the others remaining faithful to the familial tradition of the ancient industry of China. The authorities were not even able to impose any penalties for violation of the law. Can we, in fact, expect to assimilate to Europe a country which has only recently adopted the republican regime and which for tens of centuries, since the Hia dynasty, which goes back two thousand years before the Christian era, has never interfered in economic matters? The Chinese Government was wise in making haste slowly. It showed an equal wisdom in the matter of trades unions. It was very remarkable to see the Government, at the height of the civil war in February 1926, adopt the recommendation of the fifth International Labour Conference and appoint six inspectors. At Shanghai the cotton spinners fixed twelve years as the minimum age for both sexes for commencing work. At Chefoo the thread manufactories limited the hours of labour to nine. In Peking the purely Chinese porcelain factories have a ten-hour day.

These are striking examples, full of promise for the future, and strong reasons for not destroying the international character of a Genevan organization which can make its influence felt so far afield. But how are we to assimilate to European workers the Chinese peasant whose portrait Mr. Chao Hsin Chu has drawn for us, rejoicing in his independence and his simple life, a philosopher in his way, caring little for pleasure or leisure, though proud and jealous of his liberty? "Modern industrial systems," Mr. Chao Hsin Chu declares, "must adapt themselves to

China, not China to them." He gives as an example the strike of workmen at Shanghai, not for a question of wages, about which they cared little, but in order to be treated politely by the overseers and to be allowed to talk while they worked. While, therefore, we should desire to maintain the international character of the labour organization, we must provide for different spheres of action. Europe is one, and she must serve as a model and example.

It is the same with public health. There are at present two organizations operating in this matter—the International Health Office set up in Paris by the agreement of December 9th, 1907 (195 Boulevard St. Germain), and the Public Health Organization of the League of Nations.

The International Office, to which the United States of America and Soviet Russia belong, plays the part of a consultative committee to the Geneva organization. About two-thirds of the members of the League Committee belong also to the Paris Committee; ten out of twenty of them are officially nominated by the Office. An International Sanitary Convention was signed at Paris on June 21st, 1926, and has been ratified by all the principal countries. It lays down the general principles, indicates the steps to be taken by the Governments when plague, cholera, yellow fever, and certain other infectious diseases appear on their territory, specifies the defensive measures, and sets out the special precautions applicable to the Suez

Canal and to pilgrimages. It is already quite clear that any measure which modified the system of frontiers would affect certain articles of this convention.

Generally speaking, an international character is inherent in this organization. If we are to deal with a smallpox epidemic breaking out in the Netherlands, we may have to look for its origin in the Dutch East Indies, from which it is imported. To protect Europe against plague we must pay attention to such matters as the epidemic in the interior of Mongolia in 1928, and particularly the isolated case reported by the Health Service of the South Manchurian Railway, or the cases discovered in South Morocco. The inquiry into the plague published by the International Office,[1] shows how the scourge is spread. It may begin, for example, in Trans-Baikalia, where the infection is carried by the Siberian marmot, valued for its fur. Millions of skins from this animal are imported into Leipzig. In the same way the California squirrel may carry the dread disease. We must pause to express our admiration for the research of those scientists, who have even discovered a principle to explain the variations in the numbers of these dangerous rodents. A sort of Malthusian law intervenes periodically to arrest by an epidemic the increase of the species by geometrical progression. These variations show a sinusoid curve, defining the rhythm of the great animal epidemics and the human epidemics which follow them. Elton suggests even that climatic factors control these alterations, which correspond to the

[1] *Rongeurs et puces.* Paris, Masson, 1928.

cycle of sunspots. Thus we may not only deal with a wave of contagion when it occurs but predict it. The organization of public health demands the same unity as science itself.

If we take the latest bulletin of the Office, dealing with the session of May 1930, we shall see that all questions are there treated from the international point of view (sanitary control of aerial traffic, notifications of quarantine, destruction of rats on ships, and so on). We get the same impression in following the reports of the sessions held in 1930.[1] Yet in the course of these great studies we find ourselves faced with certain problems which at first, at any rate, can apparently be usefully dealt with only within the European framework. For example, a committee of the Office, in conjunction with Dr. Lutrario, has been studying the difficult question of rural mortality. These inquiries can be effectively studied in the first instance only in Europe. Sir George Buchanan has already commenced them for England and has pointed out in particular the high rural mortality of women in childbirth.

The League of Nations, for its part, has carried out some important works through its permanent public health organization. As a result of the inquiry carried out in the Far East by Dr. Norman White, it was consulted by the Chinese National Government at Nanking in 1928 for the setting up of a Ministry of Public Health. The result of this exchange of views was a highly interesting

[1] Paris, Imprimerie Nationale.

work on public health and modern medicine in China.[1] Once more we see how much remains to be done in the Far East. In the province of Fukien there is only one hospital bed per 9000 inhabitants; in Manchuria one for 20,000; in Kansu one for 31,000; in Hupeh one for 36,000; in Kiangsi one for 151,000, and in Yünnan one for 247,000. We are told that in China there are very few Chinese doctors capable of looking after a hospital, that during the period corresponding to the New Year (old style) the invalids left their beds to celebrate the festival with their families. There are few sewers and the water is generally polluted. "By concentrating its efforts for a certain number of years upon certain essential works and collecting the facts, the Ministry hopes to arrive slowly at a stage at which it will be possible to solve the most complex problems of public health and modern medicine." The public health movement hardly began in China until 1912, after the grave epidemic of pneumonic plague in Manchuria. A group of medical students was sent to Harbin under the control of Dr. Wu Lien Teh. Today there is a well-known technical organization with a laboratory and a competent staff of epidemiologists, and several hospitals.

These, however, are no more than creditable beginnings. The plague of 1916 was responsible for thirteen thousand deaths. All over China, human excrement is a highly appreciated manure. It is used for the cultivation

[1] "Proposals of the National Government of the Republic of China for Collaboration with the League of Nations in Health Matters." Official No. C. 118, M. 38, 1930.

of mulberries; and ankylostomiasis is accordingly prevalent among the agricultural workers. The Ministry of Public Health, which deserves praise for what it has already done, is faced therefore with a formidable task in looking after the health of a population numbering about three hundred, or even perhaps four hundred and fifty, million inhabitants. It is necessary to sweep away the "old-fashioned medicine." Fortunately, the absence of religious prejudices among the Chinese makes it possible to establish health centres in the temples on the model of that set up by Professor Grant at Peiping.

We have reason, then, to congratulate ourselves on the admirable work undertaken by the League of Nations. Such work encourages us to believe in the advent of a new era for humanity. The report of its committee for 1930 shows the extent and the variety of its undertakings. But when this organization is more developed, when the science of public health, which is still in its infancy, has won its proper place in human activity, when the vast synthesis of the present time has given place to the necessary work of analysis, it is permissible to think that the League will have to divide up its work in such a way as to adapt it to the different climates and the different stages of civilization. It is in any event to the interest of Europe to pool her store of experience, of technique, and of documents. The United States has adopted an independent sanitary code.[1] In inviting all Europeans to make a com-

[1] The Pan-American Sanitary Code, International Sanitary Convention, signed at Havana, Cuba, November 14th, 1924; Government Printing Office, Washington, 1925.

mon study of problems relating to maternity, infancy, school hygiene, and hospital and sanatorium construction, we shall lead them to a realization of their underlying unity. The question of the treatment of diseases outside their country of origin will be better regulated in this way than by bilateral agreements. Within a still limited sphere Germans and Frenchmen, Italians and Englishmen, Spaniards and Russians, will be led to realize that if history has separated them to the point of throwing the nations at each other's throats with a ferocity unknown to the lower animals, morality and science unite to counsel that they should join their efforts to protect that unique treasure which is human life. They will understand that men are made brothers by suffering, that there is no "national fashion in suffering." In this way a Europe, which has so many crimes to repent, will make its first applications of the thought which inspired the Ninth Symphony of Beethoven and Schiller's "Ode to Joy," which is really the "Ode to Life."

Chapter Nine

THE ROLE OF THE MIND

BEFORE we turn to the problem of Intellectual Co-operation, which also is raised by the Briand Memorandum, we must refer to the work of the Inter-Parliamentary Union. Not that this organization is, strictly speaking, European. It was founded, or at least foreshadowed, when on October 31st, 1888, in Paris, William Randal Cremer and Frédéric Passy, with nine English and twenty-five French parliamentarians, met together. By 1889 the international character of this conference was already manifest, since the United States of America and Liberia took part in it. It was, however, in the great capitals of Europe that the organization met, until the year 1904, when it gathered at St. Louis. The Union was about to hold its conference at Stockholm when the war broke out, and was considering a proposal of permanent international jurisdiction. The office was removed to Christiania. With the return of peace, the Inter-Parliamentary Union, meeting at Geneva, welcomed the establishment of the League of Nations, and expressed the hope "that the Union would henceforth devote all its efforts to strengthening the democratic development of the League."

We may reasonably hope, therefore, that the Inter-Parliamentary Union, having received the League of Nations so heartily, will show itself favourable to an

enterprise which seeks to complete its work. At the present time, the Union comprises thirty-six national groups representing the European States (Russia, Portugal, and Spain excepted), the United States, Canada, the six Republics of Latin America, the Philippine Islands, Japan, and the Dutch East Indies. It would be a mistake to weaken its international character, for it is paving the way for the establishment of a Parliament of Man and is of infinite value because it is founded upon the idea, which we hold to be a sound one, that the development of peace ought to run parallel with the development of democratic ideas. It stands thus for idealistic conceptions, a care for humanity as a whole amid the conflict of material interests. But if it wishes to arrive at that "universal organization of the nations" demanded by its Vienna assembly in 1922, ought it not to proceed by way of analysis and by successive groupings, unless it is to remain for ever in the realm of abstractions? Must we not expect that there will be some intermediate steps between the existing national formations and the great international formation of which it dreams?

We may reasonably hope that it will be as ready to study the problems of European federation as it was to demand the institution of a Court of Arbitration. We have not forgotten the excellent efforts of the Belgian Senator Houzeau de Lehaie and of Chevalier Descamps which inspired the first Hague Conference. The Inter-Parliamentary Union can do a great deal to make possible that organization and security without which, as we believe

we have shown, no European federation is possible. It has displayed its willingness to examine the great question of trusts and cartels, and it will certainly wish to react against those tendencies to dictatorship which represent the principal danger to peace in modern Europe.

In the strictly intellectual sphere, M. Briand's Memorandum lays down the following subjects for inquiry: "Co-operation by universities and academies; literary and artistic relations; centralization of scientific research; improvement of the press system in the relations between news agencies and in the transportation of newspapers, etc."

We have certainly no desire to weaken the Institute of Intellectual Co-operation which France was instrumental in forming; we cannot turn away from universal co-operation in the sphere of the mind. Unless we give ourselves over to illusions, however, how can we deny the differences of culture which reveal themselves at present in the ideas of the different nations? Does not the distinction which has appeared necessary in the economic order also apply in the intellectual sphere? If one by one the nations are to be led towards unity, we must not forget the story of the famous Tower of Babel which, according to the Scriptures, was built by the Sons of Noah in the land of Shinar. The United States of America has pointed the way for us in creating a Pan-American Institute of Intellectual Co-operation.

Moreover, the labour problems which present themselves to manual workers exist with equal urgency for intellectual workers who remain defenceless in spite of the remarkable efforts of writers like Romain Coolus. To some extent, at least, books are commodities. Their circulation and sale have so far been organized only in a purely empirical fashion. Let us take an example. Up to the present the history of Europe has been written only by authors anxious to defend a national point of view. Would it not serve the cause of peace if efforts were made to present to the young people of the Old World accounts of the past inspired by a new spirit and proceeding from a reconciliation between the various nationalists of yesterday? The more difficult this enterprise, the greater the necessity that it should be undertaken methodically, and within carefully prepared limits. The International Institute of Intellectual Co-operation passed a resolution, known as the Casares Resolution, recommending that negotiations be undertaken under the ægis of the League of Nations between pairs of nations for the correction of school textbooks, where these appear to supply incorrect information to the youth of one country concerning the other country. Why, however, this bilateralism, as though it were a matter of customs duties? Why not try to rise to the notion of Europe as a whole, since we shall not find here the material difficulties which retard the solution of a customs problem? The associations of professors and schoolmasters appear to be favourable to the project which we recommend. If the work appears difficult, where politi-

cal history is concerned, why not commence with geography, literature, or the arts? I hope that works may be composed, without being imposed, in which national histories would represent chapters written by various national authors, the books being supervised by an impartial European organization in which would be represented the authors most respected for their independence of thought.

We cannot deny that certain French historians have been tendentious. Even a scholar like Fustel de Coulanges has perhaps not altogether escaped national prejudices in his *Cité Antique,* or his *Histoire des Institutions Politiques de l'Ancienne France.* The work of Michelet is not devoid of passion. But who could deny the partiality of Heinrich von Treitschke? He says himself, "I write for Germans." Is it not time to say, "I write for the truth"?

We know how much harm has been done to the peace idea by the works, otherwise so remarkable, of Houston Stewart Chamberlain. We do not agree with the French nationalist Brunetière when he says: "We can profit only by that which we are able to transform into our own substance. We must not, then, try to make for ourselves a Russian or a Swedish soul, but we must extract from the Swedish or Russian soul whatever will serve to enrich the French soul." At any rate, we must be careful to interpret a formula of this kind correctly. But if the Englishman Houston Stewart Chamberlain really believed himself to be European, what a dangerous "Europeanism" he represents! We know the idea which he formed of the con-

tinent. He saw it as composed of three forces—a chaos of stragglers from the first Roman Empire, of Jews, and Germans—and he considered the conflict between these three elements to be irrepressible. "It is," he wrote, "in this silent struggle more than in the spectacular struggles of the battlefield or the political arena, that the life or death of our race will be decided."

If this be so, if Mr. Chamberlain is right, if there is nothing for humanity but to abandon itself to the blind forces of natural selection, we may as well proclaim the eternity of war. If we believe in the possibility of peace, in the League of Nations, in the Briand-Kellogg pact, we must supply a different sort of mental pabulum. Chamberlain has, at least, stated the problem well: he opposes universalism to nationalism. "There are," he says, "in the last resort, two conceptions of the world, which are mutually exclusive, so that one cannot live by the side of the other, and a struggle to the death is inevitable, unless men are to let themselves drift aimlessly, like vessels in full sail, but rudderless and blown about by the wind."

This brings us to the very heart of our subject. If it is really true, as is suggested by this author who had so much to do with the intellectual moulding of part of the nineteenth-century German élite, that nations achieve great acts only by strictly limiting themselves; if we are to draw this lesson from history, from the collapse of Rome when she desired to become universal, from the downfall of Alexander, from the Persians and the Turks, we must give up the idea of any organization of the world and of any

peace. The whole of human science, however, is not contained in the past, and it is a weakness to allow ourselves to be intimidated by it. The example of the Catholic Church alone would suffice to show that a belief or a sentiment may discipline the whole world. It is against the oppression of the past of nations that we wish to fight; it is precisely a new era that we wish to open. It too has had its prophets. Kant, as we have shown, was one of them. Goethe supplied the example of an intelligence overstepping national frontiers. Even amid the thunders of the cannons of Jena, Hegel composed his *Phenomenology of the Spirit* and taught us that intelligence, science, and civilization must triumph over the blind forces of the world, its prejudices and humiliating servitude to the past.

Can this Europe, whom so many writers would obstinately divide, find great minds to show her common interest and duty, and to seek convergence where others are so stubbornly determined to see only divergent elements? The divergence is only an accident, providing history with the anecdotes by which it lives; war itself is only a sanguinary news item. The convergence is seen in the silent daily acts of so many human beings united to one another by the same manner of feeling, of suffering, and of thinking. The mediocre mind amuses itself with the play of appearances; who will reveal to us the underlying identity of reality? Who will make us understand that the children in the schools of Europe would be naturally disposed to brotherhood if the traditional education

did not train them to take arms each man against his neighbour?

We shall find a confirmation of our thoughts in the wise resolutions passed at Oslo in 1928 by the International Congress of Historians.

Here we find the very technicians of the past turning towards the future. We can see, too, how important would be the scientific study in our universities of the geographical and economic conditions which govern Europe. Special journals and reviews would serve to create gradually that European soul which, we admit, does not yet exist.

Let us turn to another aspect of the problem. One of the greatest difficulties of European federation is created by the variety of dialects. The American continent has four official languages; Europe has twenty-six. How can we avoid seeing the necessity of a centre to co-ordinate the teaching of these languages, the exchange of teachers and scholars, correspondence between the scholars, translations? How can we help desiring permanent contacts between the choice spirits of all nations? Few people can be delegates to the League of Nations; it requires the consent of a Government, subordinated very often to political and personal considerations. A European federation which was no more than a European club could render immense services. It could bring together those unknown to each other who desire the enlarging of national limits. Misunderstandings would disappear and friendships would grow. Peace would have at last its general staff; it would not ask for uniforms. To unite

people it is not sufficient that their Governments should be in agreement.

Important intellectual objections, however, have been raised against the idea of a European federation. They have been magnificently summarized in an address before the League of Nations by Mlle. Hélène Vacaresco, a Rumanian delegate. We are here in the presence of a poet, and so far as I am concerned, I do not use the term in any derogatory sense. Mlle. Vacaresco asks what would be the fate of literature and art in a regime of European federation. But let her speak for herself:

> There is at the present time a sort of artistic, and above all, literary, protectionism which, without having any legal sanction, is none the less a reality. Today literary rivalry hardly exists save within the limits of national frontiers. Yet already certain small nations are experiencing an acute crisis of the national book. A great deal of translation takes place and the prestige of the great literatures is not without its disadvantages for local production. What will it be when the material and spiritual frontiers are weakened to the point at which they oppose no further obstacle to foreign rivalry? The competition then will be no longer national, but European and world-wide. We shall fight—and fight on unequal terms —because even when it is working towards originality and independence and promises good results, a literature of recent date has difficulty in holding its own in face of the traditional imperialism of certain great literatures. The fate of the small

Powers has occupied far-seeing minds for many years, some of them within this Assembly itself. Statesmen and economists recognize vested interests, and take measures to guarantee the *status quo*. Can we do as much for the small literatures? Or must we indeed resign ourselves to the disappearance under the regime of the hypothetical United States of Europe of the literatures of small influence and recent formation? In that event, we shall be looking on, not at the intellectual interpenetration of the nations, but at the penetration and stifling of the weaker by the stronger. That is the probable result of free European rivalry in the domain of literature.

What can we do against this menace? In politics we have recourse to arbitration, to treaties, to conciliation, to the recognition of personal interests. Literature and art know nothing of procedures of this kind. We know the difficulties which young literatures aspiring towards international reputation have to encounter from the public and even from the critics. The public! There is the divine and terrible factor which will always intervene in our literary calculations and nullify any attempt to secure justice for writers belonging to languages of small diffusion. We shall try no doubt to increase translations, and we shall make sacrifices with the object of interesting certain publishers in this project. It is not enough, however, to translate and publish a book. The book must be sold and read, which means that the public must second our efforts. If a translation is not to be a dead letter, it is necessary to ensure its success in larger circles than those of the professional *literati*. Here we find ourselves once more faced with the question of the press. Its enlightened and disinterested

help will be more than ever useful to our scheme of diffusion for the small literatures.

However that may be, here is a problem which presents itself in an increasingly pressing fashion as the European and world-wide solidarity becomes more strict and literary rivalry expresses itself no longer within national limits, but between nation and nation. It will be a duty to protect the small literatures and even the languages of narrow diffusion. Short of this, the cases of linguistic and literary emigration will become more and more frequent and we shall discover one fine day, to the great damage of the things of the mind, that there is only one literature in the world written in a single language, which will have succeeded in acquiring universal domination. By causing the interest of the nations to converge and by tending to resolve variety into unity, the future United States of Europe will hasten this tragic bankruptcy, which all true minds ought to fear.

We do not share these fears. We do not believe that up to now literary rivalry has existed only within national frontiers, and that the literatures of small or moderate sized countries are menaced by the eventual "imperialism" of the great literatures. Let us take, for example, the intellectual relations between France and Bohemia as they are presented in M. Jélinek's *Etudes Tchécoslovaques*.[1]

Those relations are of old standing and show how free will expresses itself in spite of political or geographical fatalism. As early as the eleventh century, young Bo-

[1] Paris: Edition Bossard, 1927.

hemians "rummaged among the treasures of France." Wenceslaus II gives two hundred pounds of silver to the monks of Zbraslav to buy books published at Paris, Bologna, or Oxford. In a broad sense, is not the University of Paris in the fourteenth century, with its Polish, Swedish, Scottish, German, and English students, already a sort of intellectual Europe? Does not the presence in this University of a master like Marsiglio of Padua show that already free thought wishes to know no frontiers? It is war, and war alone, that interrupts these interchanges. With the return of peace, the movement of ideas commences again, with no other law than the necessities of the mind. The Lutherans of Bohemia find sustenance in Germany and the Calvinists in Geneva.

Let us go further. One day there emerges Johann Amos Komensky, or Comenius. He belongs to the sect of the Moravian Brethren. Where does he find his education? He finds it in turn at Heidelberg, in England, in Holland, in Poland, in Sweden, in Hungary; he settles down at Amsterdam.

The seventeenth century was culturally less nationalist than the present. Did not Descartes die at Stockholm? In modern times, the romantic poet of Slavonic solidarity and fraternity, Jan Kollar, draws his inspiration at once from Herder and Jean Jacques Rousseau. The literary galaxy grouped towards 1860 round Jan Neruda had as its essential object the breaking down of the wall which separated the Czech literature from Western Europe. Vrchlicky is at one and the same time an admirable national

poet and a fanatical disciple of Victor Hugo. Masaryk, the political liberator of a people, knows and understands all the resources of European thought. Thus even in the most ancient past, the cultivated minds of the countries which Mlle. Vacaresco has in mind have desired to overleap their frontiers in thought at least. And this intellectual emigration has served only to reinforce their character and their national roles. The "prestige" of the great literatures has never injured "local production" or stifled the literatures of small languages. The fact is that there is no imperialism of the spirit. *Spiritus flat ubi vult.*

Mlle. Vacaresco has another fear. She is afraid of the "levelling" of individuals and societies. Once more, let her speak for herself:

> The day will come when there will be no difference between a Highlander and a shepherd of the Tyrol or a Carpathian. The Highlander will have abandoned the use of his pibroch and lost even the memory of the beautiful ballads of yesteryear. The mountaineer of the Carpathians will have ceased to draw from his flute the shrill and harmonious sounds dear to his flock, and we shall see him dressed in the European fashion, hastening over his daily toil between two radio programmes. The townsman already dresses himself in the same fashion in all countries, reads the same novels and applauds the same films. Everywhere the townsman is the standardized man, thinking in the same fashion as his neighbour, and aspiring with the same eagerness to the same periodical increase in wages, entertaining the same curiosities and disturbed by the same worries. The levelling process exists

among the urban populations of all countries, and threatens to extend its drab uniformity over our plains and across our mountains.

Literature follows the same course. Like our modern societies, it threatens to be reduced to universal conformity. This will be the most unhappy result of this creation, useful though it may be to peace, of an international soul. Under the international anonymity strange germs will be brought to life, of which the most offensive will be scepticism, the inevitable corollary of the universal levelling. The art proceeding from it will be marked with the seal of destruction and fixed in the sterile contemplation of a dead world where nothing happens, where nothing is in process of becoming. Creation is in fact an act of faith, an act of renewal and hope, rendered possible only by a new vision and a heart firmly placed at the centre of the vital forces of the individual. I have read a certain book in which a vague cosmopolitanism is a sort of collective hero, a pitiable hero who neither acts nor hopes, but makes a nightmare combination of all that is depressing in a world of dust and ashes. This book, which is in no sense a thesis, suggests to me a whole programme. More easy to define than to realize, this programme reduces itself in short to this: to conserve the freshness of the international soul which is struggling to come into existence; to work for the creation of this international conscience, from which it is legitimate to expect the supreme benefit of peace, but to see to it that this international world does not become equivalent to a cultureless world and that the comprehension of all things does not signify a general dullness.

The consequence of this mad race towards levelling is the deterioration of certain classes of literature, the decay of

> others; popular literature and art, I fear, will soon no longer exist save as memories. The progress of mechanism and the levelling down of which I have spoken has decreed it, and there is not very much that we can do. The Congress of Popular Arts, held at Prague under the auspices of the Institute of Intellectual Co-operation, has discussed the proper means for their conservation and study; it has even passed certain resolutions for their encouragement. I do not know to what extent these hopes can be effective, but it seems to me to be evident that the institution of an International Congress devoted to the least international form of activity that exists is a sufficient evidence of the little vitality which still animates popular arts. I can see us then, in the near future, going sadly to the galleries and museums filled with the last relics of one of the finest and most spontaneous artistic activities that the mind of man has ever imagined.

Mlle. Vacaresco, in short, foresees the end of folklore, of popular literature, of individualism, of lyric poetry, even of the theatre, the opera, and the novel, as the result of the universal tendency towards unity and towards the reduction of distances and the development of the machine. Thus literature would come gradually to consider only a standardized man. Variety would disappear, and it is variety that creates art. It would be the end of regionalism.

It is not difficult to reassure the eloquent and poetic delegate. For example, she is disturbed by the spread of the motion pictures. Now, how does this extension operate at present? Because a non-organized Europe cannot compete with the American film, it is the trans-Atlantic in-

ventions which draw and hold the crowds. Our European folklore is thus rendered, like the rest of the history of our continent, by the respectable citizens of Los Angeles. Jeanne d'Arc is in danger of being represented by a young Californian, and we shall soon be seeing Napoleon with all the characteristics of an inhabitant of Illinois. We have no choice. A European organization is henceforth the only means by which we can preserve the correct interpretation of our continental culture.

But the study of the past shows us that the creation of great currents of ideas has never injured the production of original works: we can give four examples in proof of this, each of which deserves a separate study—the Middle Ages, the Renaissance, the Eighteenth Century, and Romanticism.

If we ask a savant like Léon Gautier to give us the origin of the French epic in the Middle Ages, he will reply: "The French epic is of German origin." This is the answer to a problem which has been the subject of many memorable debates; the thesis seems now to be universally accepted. On this point Gaston Paris is in agreement with Rajna, with Kurth, with a score of others. The Germans brought to the soil of the future France the poetic traditions, the national songs, which had been those of the Roman legions. These early legends were submitted to Roman influences and to the effects of Catholicism. But the separation of the German epic from the French was not to take place until the ninth century. Since then the legends which

have given rise to the most beautiful poems have circulated from one country to the other. The *Roland* is translated in the middle period of the twelfth century by the German priest Conrad. The poem of *Aliscans* is copied by Wolfram von Eschenbach. With the Norman Conquest our European epics penetrated England, where an adaptation, *Fierabras,* was made. The dwarf Oberon derives from our *Huon de Bordeaux.* The King of Norway introduced into his country the *Karlamagnus Saga.* In the thirteenth century, the Netherlands were enthusiastic for *Ogier* and *Renaud.* Spain and Italy take part in this great epic movement. Beyond the Pyrenees Roland takes the name of Bernaldo del Carpio. The circulation of popular themes provokes rather than hinders national reactions; it would be a very interesting subject of study to see what becomes of our *Ogier* in Italian literature. We find even in Boiardo and Ariosto the vivifying influence of these legends. The universality of the themes does not prevent their finding expression according to the genius of the various nationalities any more than the universality of certain subjects hampers the originality of sculptors and painters. It is the same with the so-called Court epic: let us take the legend of Tristan. The two poets who dealt with it in the twelfth century, Béroul and Thomas, are Anglo-Normans, but a German romance by Eilhart brings Béroul to completion, and Gottfried von Strassburg adopts the legend in his turn. There is a *Perceval* written by Chrestien de Troyes, but there is also one by Wolfram von Eschen-

bach. In what way has the European diffusion of these legends detracted from the originality of the great works inspired by them?

Where did the story of Reynard originate? Perhaps in Picardy, perhaps in Normandy, but it combines the animal stories which, originating in the East, spread through all Europe. There was a *Reinhart Fuchs,* written towards the end of the twelfth century by the Alsatian, Heinrich der Glîchezâre, and an *Ysengrin,* composed by Master Nivard of Ghent, a *Couronnement Rénard,* which is Flemish, a *Rénard le Nouveau* by a Lille poet, and a *Rénard le Contrefait,* composed at Troyes. Each of these works, based on a theme common to the whole of Europe, retains its own specific value, and its own accent. A fable carried by a German or Italian *trouvère* becomes later one of the stories of La Fontaine. Never was the folklore so dear to Mlle. Vacaresco more abundant than in these ages, when the travellers carried and distributed along their long route parables and anecdotes.

Do Molière and Boccaccio lose anything of their powerful personalities because they sometimes draw from the same sources in this collection continually enriched by popular imagination? M. Joseph Bédier has shown how the same popular subject is transformed according to the genius of the nation that receives it. There is, for example, the theme of the husband who disguises himself as a monk to hear the confession of his wife. La Fontaine completes his story with a trick of the penitent who dupes her husband once more, and demands an apology from him.

"Blessed be God," said the good man; "I am a fool to have taken it so badly." With Bardello, on the other hand, the jealous husband is vexed, and kills the guilty man with a dagger. We could multiply these examples of adaptation indefinitely.

Then came the Renaissance. While maritime discoveries were extending the horizons of human activity, the influence of a rediscovered antiquity caused a new life to circulate throughout Europe. Everywhere men were seized with a passion for joy and for beauty. Italy, France, Germany, take part in this renewal, and other countries as well. At the touch of these various national geniuses, however, the Renaissance becomes diversified. France with her taste for logic, for orderliness in things of the mind, will produce principally in art, architecture, and sculpture. Pierre Lescot will trace the design of the Louvre, and Philibert Delorme will complete Chenonceaux. The *Mise au Tombeau* of Ligier Richier exemplifies the sensitive realism of France, its measured strength. Italy produces her brilliant series of paintings, giving rein to her taste for the fresco in the work of Benozzo, Gozzoli, or Ghirlandajo, and offering the moving aspects of Florentine life as a setting for the scenes inspired by religious tradition, seeking beauty in her own way with the grace of Botticelli or the force of Mantegna, incarnating the brilliance of luminous landscapes in the works of Perugino. Not only does each country retain its originality, but in every country personal genius is expressed in all its strength. Contemporary, or almost so, Leonardo da Vinci, Michelangelo, Raphael, differ from

one another more than they resemble. The three bright geniuses of this epoch have already a European character without sacrificing anything of their personal value. Hans Holbein, son of an Augsburg painter, works for the English King Henry VIII. The Gothic severity of Albrecht Dürer is softened by the contact of Venice. The humanism of Erasmus spread far beyond the limits of political frontiers. Born at Amsterdam, a city of the Empire, and therefore German by birth, he studies at Paris or at Bologna, teaches the son of a Scottish King, visits Pope Leo X, and after a stay at the Universities of Oxford and Cambridge, settles down to die in Basle. We admire the breadth which these travels give to a noble intelligence, and we understand the inscription placed by Théodore de Bèze under the portrait of such a master:

> Ingens ingentem quem personat orbis, Erasmum
> Hic tibi dimidium picta tabula refert
> Ac cur non totum? Mirari desine, lector
> Integra nam totum terra nec ipsa capit.

Such journeys, such intellectual promenades, give to Erasmus, in the midst of the religious struggles of the West, his spirit of moderation, his balance, his good sense, his taste for toleration, his critical attitude.

And if we were tempted to fear that the widening of horizons would destroy the lyrical impulse, would it not be sufficient to quote Pierre de Ronsard, who owed to his vagrant life the advantage of knowing not only the ancient

languages, but English, Italian, and German? He followed James V in Scotland and Langey du Bellay in Piedmont. And yet what could be more French than his *Amours* or his *Elégies?*

In the eighteenth century, under different conditions, the human mind made further efforts after that universality which was the aim of the Renaissance. Voltaire at the age of thirty-two goes to England, where he remains for three years. Already the friendship of Lord Bolingbroke has made him familiar with the philosophy of Locke. This time it is the philosophy of the liberal writer who published the *Essay Concerning Human Understanding* and the *Letters on Toleration* which is to influence French thought, as are also Addison's articles in *The Spectator* and the adventures of Sir Roger de Coverley. In the theatre it is the influence of Shakespeare. Is Voltaire less French for having drawn from these sources?

And France, in her turn, reacted on other countries. Denis Diderot, who knew English and Italian, contributed in large measure to this diffusion. In Switzerland the twenty-eight volumes of the *Encyclopædia* ran into three editions, there were two in Italy, one at Leghorn and the other at Lucca. The Princess of Saxe-Gotha, the Empress of Russia, the King of Sweden, and the King of Poland address themselves to Grimm for instruction on the intellectual movement in France. In his now classic work on *Europe and the French Revolution,* M. Albert Sorel has pointed out that under the *ancien régime,* there was not "the community of regularly constituted States" of a

European republic, that this conception disappeared with the Middle Ages. According to this historian, it was only at the Congress of Vienna and at subsequent Congresses that the first attempts were made to provide Europe with an elementary organization. In the eighteenth century such an advance was merely a theory of the philosophers. The Vienna treaties crystallized a state of possession, they were signed and guaranteed by the Great Powers. The Congress presented itself as a normal institution, which was in operation from 1815 to 1822 and was to settle the differences between States. "Incomplete as this conception appears," says M. Sorel, "empirical, arbitrary, and even unfair as certain of its applications may have been, the work done at Vienna none the less secured for Europe the most fruitful period of peace that she had ever enjoyed. It was, if you will, only the scaffolding; but never have diplomats erected upon more solid foundations a better balanced building, or accomplished a more beneficent work for civilization."

Thus, before the Congress of Vienna, the idea of European organization was still a purely philosophical conception. Yet certain French statesmen had already accepted it. Among them was Charles Gravier, Comte de Vergennes, the Minister of Louis XVI, who concluded the alliance with the Swiss Cantons and with the American Colonies in revolt against England.

Let us consider this point for a moment. It was proposed to the King that he should annex the Rhineland, and Vergennes admitted that there was something to be said for the plan. "But," he added, "when one reflects on the crying

injustices which it would be necessary to commit, an honest mind cannot allow itself to dwell upon the idea." Vergennes already had the European idea, and he wanted to see it develop. "Where," he asked, "would Europe be if—which God forbid!—this monstrous idea were accepted? All the political links would be snapped, public security would be destroyed, and Europe would soon be merely a scene of trouble and confusion."

Admittedly this does not amount to the idea of a European federation, but that France should abandon the idea of aggrandizement, and undertake to protect the smaller States, is at least a step towards it and a guarantee of peace. It is the attempt of a new law to emerge from the old public law; the acceptance by politics of some of the conclusions of philosophy. "We have no longer," writes M. Sorel, "the cynicism of a Frederick or of a Catherine, the asperity of a Louvois, or the cold calculations of a Richelieu. An attempt is being made to find the true interest of each in the interests of all. Despotism and 'reasons of state' are modified, and considerations of a purely moral order correct the brutal realism of the old policy. And something of the *Esprit des lois* [1] has found its way into diplomacy."

Nothing could be truer. Did not Montesquieu himself demonstrate to kings the necessity of limiting their power and "the drawbacks of greatness"? Rivarol declares plainly that France "misconceives her genius when she gives herself over to the spirit of conquest." These ideas inspired not

[1] Montesquieu, Charles Louis de Secondat. *The Spirit of Laws.* Tr. by Thomas Nugent. Critical and biographical introduction by Oliver Wendell Holmes. New York, D. Appleton & Co., 1900. Cf. Book IX, Chapter 8.

only Vergennes, but the men of 1789, Mirabeau and Talleyrand, the book on *Prussian Monarchy*. Thus they proclaim the right of nations to self-determination. Far from threatening the various patriotisms, they strengthen them. The decree of May 22nd, 1790, solemnly declares in Article IV that "the French nation renounces any war aiming at conquest, and will never employ her forces against the liberty of any nation." This programme, clearly defined by Article VI of the Constitution of 1791 must always remain that of true French democrats. When we speak today of a European federation, we are going back to the spirit of the 1790 decree.

This time the case is clear. The philosophy of the eighteenth century, and the Revolution which translated it into action, tried to found a new public law and to create the Europe of which Vergennes had already dreamed. Each nation, small or great, finds its place in this new creation, to which it owes its liberty. The most specifically German minds also accepted the new credo. Klopstock welcomes the French Revolution with enthusiasm, congratulates Louis XVI on convoking the States General, corresponds with the Duc de la Rochefoucauld and Lafayette, and accepts the title of French Citizen from the Legislative Assembly. In the purely literary sphere we might content ourselves with showing that *Werther* and *Faust,* those purely German works, cannot be understood if we leave Jean Jacques Rousseau out of account; but, in the general order of ideas, the influence of the French writer is to be found in Kant himself. *Wilhelm Meister,* too, reflects the events

and the ideas of the Revolution. It is the same with Schiller's *Wilhelm Tell,* although the writer turned against the great movement of liberation when it became the occasion of such atrocious violence. Finally, we must remember that Fichte wrote in 1793 his *Contributions towards the Rectification of the Judgments of the Public Relative to the French Revolution,* and in the same year his *Plea for Freedom of Thought.* Klopstock, Kant, Goethe, Schiller, Fichte—what geniuses could be more in the German tradition, though they shared the enthusiasms of a whole European generation!

It is natural to invoke the Romantic movement, a new manifestation of the spirit of liberty, which finds its explanation in certain political facts, to show how the great European current, in becoming diversified, can fructify the genius of diverse nations. Already, however, we believe our demonstration to be complete. If a certain decadence exists today either in drama or in poetry, it may be because the themes upon which writers are working have exhausted themselves. The constitution of a united, or even of an organized, Europe, the examination of the various elements of such a problem, and the difficulties which it raises would provide resources for a literature seeking to rejuvenate itself.

In his *Das Spektrum Europas* Count Hermann von Keyserling, an active and even provocative fighter for the renovation of humanity, and an aggressive scholar, has studied

the various peoples of Europe in relation to the continent as a whole. At the end of his examination, having told each country the truth about itself, he declares that each people should aim at as complete an accomplishment as possible of its own possibilities, provided it realizes its own imperfections. Europe is the most varied continent. "It is only from the point of view of a gingerbread fair that India is more diversified." But this Europe is governed by one spirit. Space has lost its old significance. Sydney is as near Milan today as Paris was to Cologne in the time of Napoleon. In other words, we measure distance no longer in terms of space, but in terms of time. Science has rendered possible a universal comprehension. The unit Europe is today what the national unit was in the revolutionary period. "Europe exists because the elements common to all Europeans take on an increasingly great importance in relation to those which divide them, in face of a non-European humanity which comes dangerously nearer and is greatly superior in material forces." Thus a European soul, still unconscious, will gradually attain to self-consciousness. It will create a new "unity of style," that is to say, a unity of the mind. The raw material of which the nations are made up will undergo a new transformation. This Europe so diverse will not be transformed according to the rhythm which the United States and Russia have followed. "All being well, a new unity of a superior order will be established above the nations, which will nevertheless retain their ancient vigour. If, on the other hand, things go ill,

we shall have arrived at the complete dissolution of Europe."

Count von Keyserling rejects any plan which would amount to internationalization, or the creation of an abstract unity; and we agree with him. The mistake of internationalists has been, and is, to wish to suppress the living elements of the problem of conciliation, and to attempt to reject all the data of geography, climatology, and history. "There is no such thing," he cries rightly, "as an international humanity." The originality of the League of Nations lies in the fact that it has achieved association without destruction. The problem which M. Briand postulates, and which we are postulating, is that of organizing Europe without suppressing either the general bond which already unites the Geneva assembly or the personality of each nation. Various peoples join together to complete one another without mutual injury, to substitute for a regime of rivalry the methodical division of labour. This formula is of assistance to the young nations, and to the rejuvenated old nations. Threatened in her material supremacy by the New World, already challenged by the East, Europe will increase her spiritual force and the scope of her intelligence. She will improve her social status and work to attack at their source the injustices by which she is still stained. She will defend an ideal of life different from what has been, up to the present at any rate, the American ideal. And, we would add, she may, by the common action of her culture, exercise an influence upon the American mind itself, help-

ing it to develop that idealism towards which the best minds in the United States are already reaching out. In expanding in his own picturesque way the ideas which we hold, the author of the *European Spectrum* enables us to reply to the criticisms of disturbed nationalists, and to understand the form which we may predict for the future federation.

Chapter Ten

THE NATURE OF THE BOND

HOW is the "unity of style" which Count von Keyserling desires to be realized? Let us turn once more to the Briand Memorandum. How does M. Briand understand what he calls the bond? The European federation represents one of those "regional understandings" which are explicitly recommended by the Covenant of the League of Nations, from which we may take it that it is in no way inimical to the League. All that is desired is to incorporate into "the universal system" of the League "a limited system." This policy "represents a conception diametrically opposed to that which has hitherto inspired the formation of Customs Unions in Europe. They have attempted to abolish barriers within the unit in order to set up higher walls on the borders, or in other words, to constitute an instrument of war against States outside the unions." The nature of our contention will become clearer later on.

There is another principle involved. The institution of the desired federal bond would in no way affect any of the sovereign rights of the States which became members of such an association. "The understanding between European nations must be upon the basis of entire political independence." We reject, too, all ideas of a political hegemony, to the advantage of any Power whatever. These,

as we have seen, are the very principles of the French Revolution. The European Governments will simply agree to join one another and constitute a "moral personality," guaranteed by an "initial and symbolic covenant." We shall find these ideas repeated in various forms in the Memorandum. An abstract formula seems for the moment to rule out the admission of Russia, for "the European Covenant would be reserved at the commencement to those European States which are members of the League of Nations."

On this question of extent, we must say at once that we desire ardently to see Russia forming a part of the European agreement. We decline to be influenced by political considerations which have no permanent importance. Economically Russia is possessed of immense resources. Essentially an agricultural country—producing corn on her black soils, rye from the cultivated parts of her forest area, oats from the Centre and the Northwest, barley from the North, and maize, millet, and buckwheat—she is also adapted to industrial production, the working up of sugar-beet, tobacco, flax, hemp. It was estimated about 1910 that she owned half the world's total of horses, thirty-five million horned cattle, fifty million sheep, ten million pigs. Her forests, poorly exploited for so long, represent a reserve for the whole world. She has coal, gold, and platinum from the Urals, copper from the Caucasus, cinnabar from Donetz, and manganese, zinc, and salt. Since Russia has need of Europe, and Europe has need of her, a day must come when the pressure of life, which tends always

towards progress and organization, will brush aside the artificial conceptions of politics. A European federation must leave the door open to Russia, disregarding the ridiculous protests from various quarters. We hold the same view so far as Turkey is concerned.

The problem of extent, however, is less important for the federation than that of the nature of the bond. Is the proposed Committee to be an academy? We find considerable uncertainty in the Memorandum, which deals more with philosophy than with technicalities, and some hesitation about methods. For our part, we do not believe that it would be wise to work from the political idea towards the economic. Our view is that we should follow a reverse process, and an observation of the facts and of the laws of European economy ought to lead us to new political conceptions. We prefer the *a posteriori* method to the *a priori,* induction to deduction, and a preparatory analysis to a premature synthesis. It is, we repeat, an error to regard the suppression of tariffs as a beginning; it is really the end of the process.

The Briand Memorandum, in short, is principally concerned with limits; the European organization, according to M. Briand, should destroy neither the national nor the international framework. Its author, as will be readily understood, has been able to express himself only by negations and very broad definitions. We may go further and describe in some detail the differences which must distinguish the European federation from certain historical precedents.

1 The Suppression of Internal Customs in France

When we are discussing the transition from a national to an international system, it is worth while to recall in some detail the manner in which France passed from the feudal to the national regime.[1] We are here dealing with a reform which aims at assuring the political unity of a country and the equality of citizens within that country in relation to the taxes—political unity and also economic unity.

Now, according to Esmein,[2] the internal customs did not represent the conscious and deliberate creation of the public authorities; they were the result of the fragmentary formation of ancient France. Instituted when the districts which they divided had not been united to the Crown, they continued after the annexation. In other cases, internal customs are a part of the history of royal taxation, affording a means by which the central power could exert itself upon provinces which were unwilling to accept taxation.

The fiscal operation is therefore in this case definitely subsequent to the political operation. The first idea was mooted by the States General in 1561. It was taken up again in 1614 by Miron, President of the Third Estate, who realized that the existing trading system had become illogical and demanded that customs offices be transferred to

[1] We are greatly indebted to the Customs Department of the French Ministry of Finance for invaluable assistance in this part of the study.

[2] Esmein, Adhémar. *Cours élémentaire d'histoire du droit français.* 15th ed. Paris, Recueil Sirey, 1925.

the frontier and farmers be obliged to publish their tariffs. There was a long resistance. Burgundy alone frankly accepted the proposal. The Midi favoured free trade, which was useful for its wine exports, while the Centre and the North demanded measures of protection and prohibition in favour of their manufactures. The protest grew with the passage of time. In a manuscript Memorandum addressed in 1659 to Cardinal Mazarin, we find that "the German, Flemish, Dutch, Portuguese, and English merchants were no longer making any purchases." A bale of camlet from Lille, weighing 250 pounds, paid in different places more than 200 livres ($40.00) before it arrived at Lyons, in addition to two per cent at the Valence customs, and about one-half cent per pound if it went further.

Colbert made a vigorous attempt to reform this state of affairs. The long preamble to the Edict promulgating the tariff of 1664 indicates the complications of the existing regime. The will of the innovator, however, found itself confronted with the traditional resistance. It was necessary to limit the attempt at unity to the five *grosses fermes,* i. e., to the regions of the Centre and the North. Certain provinces of the Midi were deemed to be foreign, and were later to obtain the tariff of 1667. Others, like Lorraine, Alsace, and the three Bishoprics, claimed to represent the actual foreign element. Local duties continued; the law of 1790 was to mention forty-five. It was in vain that a far-sighted man like Vauban protested against measures which rendered "Frenchmen foreigners to one another." M. Stouron in his book, *Les finances de l'Ancien Régime,*

speaks of the inquiry undertaken by a Sieur Blanchet, commissioned to bring back to Paris the wines of Midi. "He purchased at Roanne the wines of the Rousillon and of Dauphiné, which had already paid duties at Valence and at Lyons. A new seigniorial duty was imposed at Artois, another at Giverdon. The entry of the five *grosses fermes* [1] was at Digoin, where the tariff of 1664 was in vogue. At Decize the authorized municipal (*octroi*) duties had to be paid. Five different tolls (*péages*) were demanded at Nivers: one for the Mayor, one for the Bishop, one for the Duke, and two for different seigneurs, independently of the *octroi,* which also had to be paid before entry. Three new *péages* and the *octroi* had to be met at Poids-de-Fer, then at La Charité; two *péages* at Cosnes; two at Nemours; two at Moret; three *octrois* and a *péage* were demanded at Melun, where Sieur Blanchet definitely ended his inquiry."

The efforts made by the economists of the eighteenth century are interesting because they encountered the obstacles which the opponents of customs duties have always to meet. The difficulty which presented itself at the outset was to determine the extent of the financial sacrifice involved. Trudaine, Minister of Finance, tried to work it out for France in 1760, but he died before he had finished. It required twenty years to arrive at the estimates which were submitted to Necker. There were, too, the rivalries between provinces; for example, Alsace is authorized by a decree of

[1] The provinces of the *cinq grosses fermes* were those which accepted the five heavy imposts levied by Colbert in 1664 in place of existing internal duties. —Translator.

the Council dated November 13th, 1785, to introduce its printed cottons into the country of the five *grosses fermes* with a legal exemption of some 90 livres($18.00) per quintal (cwt.). Rouen, Tours, Lyons, Amiens, however, protested. The Merchants' Bureau of Paris was indignant. "The Kingdom," it declared, "will be horrified at the announcement that printed cottons are to be permitted!" Brittany was up in arms, in spite of the exhortations of the Comptroller-General Bertin, and the Paris Memorandum drawn up by the Surveyor of Montarin. It required in the eighteenth century the patient and intelligent work of great minds, like that of Turgot, who wished to establish nations on a basis of reason, to bring about the suppression of internal customs.

And here we came to Jacques Necker, that bold thinker, who in 1775, in his treatise, *La législation et le commerce des grains,* appealed to the intervention of morality in politics, arguing that it was the duty of the State to protect the poor consumer against the rich proprietor. Already Turgot had publicly declared his belief in the necessity of fighting for the progress of the human race, as in his address as Prior of the Sorbonne. These public men are at once philosophical scholars and practical organizers. Turgot worked for the *Encyclopædia,* just as he governed the Generality of Limoges, where he had already established the free circulation of grain. To carry through successfully works which are to transform the structure of nations requires firm and resolute chiefs. Turgot found himself op-

posed by the cornerers of wheat, the promoters of the Flour War; and in order to deal with them he had to take over the Ministry of War.

Necker, in turn, in his famous *Compte Rendu* of 1781, was bold enough to declare his intention to suppress internal customs. This publication, as we know, brought about his downfall, just as the Memorandum on the organization of municipalities had five years previously compelled the retirement of Turgot. Meanwhile, before the Assembly of the Notables in 1787, Necker's plan took the form of a proposal presented by Calonne in a Memorandum of March 12th, 1787, drafted by Goudard. Recalled to office in 1788, Necker found his work summarized in the form of a decree. He impressed upon the States General on May 5th, 1789, the importance and urgency of the problem.

The Constituent Assembly passed the matter on to the Commission of Agriculture and Commerce, which set aside the objections of Lorraine and of the old "foreign" provinces, and charged Goudard of Lyons with the report, assisted by Rousillon of Toulouse and de Fontenai of Rouen. This Report, which was deposited on August 27th, 1790, recalled the earlier efforts and declared that the reform was not a hasty improvisation. For the rest, as Magnien, the former Commissioner of Farms, remarked, the complete suppression of internal duties could not have been brought about without the abandonment by the provinces of their privileges on the night of August 4th, 1789.

The decree of the National Assembly of October 30th

and 31st, 1790, which received legislative sanction on November 5th, 1790, ordered the abolition from December 1st of duties in the interior of the kingdom, and their replacement by a single and uniform tariff. The text was preceded by a statement which declared:

> The National Assembly, considering that commerce is the means of giving agriculture and manufacturing industry all the progress and energy of which they are capable, and that it can only secure these important results if it enjoys a wise liberty; considering
>
> that it is hindered at present by innumerable obstacles;
>
> that the duties at present existing under different denominations and established on the borders of the ancient provinces of the kingdom without any relation to their capacities, or any regard to their needs, are exhausting not only to commercial undertakings but to individual liberty as much by the way in which they are levied as by their severity;
>
> that they render different parts of the State strangers to one another;
>
> that they restrict consumption and thereby hamper the reproduction and increase of national wealth . . .

This is a text in the grand manner which it is still interesting to ponder. To sum up, the suppression of internal customs, following upon the political unity of France, was only made possible by a prolonged effort of the mind, carried out, thanks to their revolutionary enthusiasm, by the will of well-informed and determined statesmen.

2 *The Formation of the Zollverein*

We can only deal summarily here with the creation in the following century of the Zollverein, that association which existed in Germany from 1819, and applied principally to the states enclosed within the Prussian territory.[1]

By the law of May 26th, 1818, certain customs duties were levied from the first of January in the following year, upon goods coming into Prussia from abroad. In order to reduce the difficulties of supervision it was natural that an attempt should be made to simplify the limits of the customs territory. After complicated negotiations the small states of Central Germany gave their consent. The first Customs Union was created by a treaty of February 14th, 1828, between Prussia and the Grand Duchy of Hesse; the Electorate joined it by a treaty of August 25th, 1831. Bavaria united with Württemburg. The opposition of the Grand Duchy of Baden to their proposal of association led them to enter the Prussian Customs Union by the treaty of March 22nd, 1833, which was also accepted by the Customs Union of Thuringia and the Kingdom of Saxony.

The movement here is the reverse of that which occurred in eighteenth-century France. Economic Germany preceded and paved the way for political Germany; Prussia achieved the first before creating the second. If we attempted to follow this in detail, we should run the risk of losing ourselves in a crowded history, which, none the less, has a logic of its own. It was a question of putting an

[1] *Handwörterbuch des Kaufmanns,* by Karl Bott, published by the Hanseatische Verlagsanstalt, Hamburg and Berlin, 1927 edition.

end to a sort of feudal chaos. We can understand that a principality like Schwarzburg could not usefully carry on its work within its frontiers. It divided itself into two parts, the upper county wedged in the middle of the Duchies of Saxony and of the Prussian Government of Erfurt, the lower county an enclave of Prussian Saxony. There are really two principalities, Schwarzburg-Rudolstadt, with 363 square miles, and Schwarzburg-Sondershausen with 333 square miles. In the same way, what could the Duchy organized round the old castle of Anhalt, subdivided into Anhalt-Dessau, Anhalt-Bernburg, Anhalt-Köthen, Anhalt-Zerbst, expect to do if it were left to its own resources? The Duchy in its entirety represents hardly more than 880 square miles.

From its beginning the movement began to take on a general character. The Grand Duchy of Baden, the Hessian territory of Homberg, the Duchy of Nassau, the Free City of Frankfurt, in their turn joined the Prussian organization, which took the name of Norddeutscher Zollvereinigung, or North German Customs Union. This grouping constituted a single customs territory, in which the receipts were divided among the various States according to the number of their inhabitants. Traffic between the participants was free. The Fiscal Union (Steuerverein), consisting of Hanover, Oldenburg, Brunswick, Schaumburg-Lippe, tried in vain to preserve its independence. Brunswick and Lippe-Pyrmont joined the Customs Union in 1842; Luxembourg imitated them on April 1st, 1842.

Why, however, try to describe the varied episodes of a

long organic process, the difficulties with Austria, the origin of the new Treaty of 1853, the consequences of the war with Denmark? In 1866, Prussia formed with the North German Governments the Norddeutscher Bund, the constitution of which was promulgated on June 1st, 1867. The Southern States joined this coalition on July 8th, 1867, and we can now see the decisive progress of the institution. We see the advent of the Council of the Customs Union (the Zoll Bundesrat and the Customs Parliament). The Covenant of Union was put in force on July 1st, 1870. The union under this form of all the peoples of the German race proved its vigour in the war against France. All the States participating in the Zollverein, with the exception of Luxembourg, united to form the German Empire and on January 1st, 1872, Alsace-Lorraine was to be incorporated in the Customs Territory. Article 33 of the Constitution of the Empire defines this unitary system; Article 34 grants the Hanseatic Towns the benefit of an exception which they were to renounce save in so far as the zone of the Free Ports was concerned. According to Article 35 the Empire alone had the right to legislate on interior customs and taxes, on tobacco, brandy, beer, sugar, and syrups. The Presidential Council, as the legal representative of the Reich, competent to conclude commercial treaties with other States, was charged with maintaining a unity of principle in the administration of the customs and taxes. This organization was modified by the new Constitution of the Reich on August 11th, 1919, under which the admin-

istration of the customs and that of the collection of indirect taxes and other internal duties was relegated to the Reich from the first of October of that year. The laws of public administration of December 23rd, 1919, known as the *Reichabgabenordnung,* created a unitary fiscal legislation for the whole of Germany.

The Zollverein served largely to throw into relief the solidarity of German interests during the whole of that part of the nineteenth century in which Prussia and Austria fought for hegemony. It strengthened the relations between the North and the South, which had hitherto been antagonists.[1] As a result, Berlin has become the centre of commercial interests, as it was already the home of the intellectual movement. Metternich realized this. So did Karl Marx. In his articles, published in English by the New York *Daily Tribune* in 1851 and 1852, he showed how the extension and consolidation of the Zollverein, the general employment of steam, and the growing industrial competition had "produced a closer union between the commercial classes of the different States and provinces, equalizing their interests and centralizing their forces." [2] "Where there are no common interests," he wrote from London in 1851, "there cannot be unity of aim, and still less can there be unity of action. The German Confederation, it is true, has been said to be indissoluble, but this Confederation, like its organ, the Diet, has never represented German

[1] See Aulneau, *Histoire de l'Europe Centrale.* pp. 195 ff.

[2] Marx, Karl. *Revolution and Counter-Revolution; or, Germany in 1848.* Edited by Eleanor Marx Aveling. Chicago, Kerr & Co., 1919.

unity. The highest point that concentration has ever reached in Germany was at the moment of the establishment of the Zollverein. It forced the North Sea States to form a Customs Union of their own, while Austria retired behind her own prohibitive tariff. Germany thus obtained the satisfaction of being divided in all practical questions between only three independent Powers, where before they were legion."

Karl Marx wrote these lines, so pregnant with meaning, in the year when the members of the Steuerverein, Hanover, Brunswick, and Oldenburg, joined the Zollverein. The Customs Union realized the ideals already expressed by Baron Dietrich von Bülow when he explained in his *Geist des neuern Kriegssystems*[1] that the concentration of power in a united political body gives a great advantage over any federation of independent States. In 1864 Count Rechberg submitted to Bismarck a scheme for the admission of Austria into the Zollverein. He rejected it. "I considered the Customs Union," he said, "an unattainable Utopia, having regard to the fact that the two countries had a totally different economic and administrative constitution. The objects concerned, which would be the most important part of the bargain in the North, are almost unknown in the Austro-Hungarian provinces. The differences in the organization of economic life and consumption already created difficulties within the territories comprised in the Customs Union. They would have be-

[1] Bülow, Dietrich von. *The Spirit of the Modern System of War.* Tr. by C. Malorti de Martemont. London, T. Egerton, 1806.

come insurmountable if to these territories we had added the Eastern Provinces of Austria-Hungary." [1]

Bismarck wanted the benefits of the Zollverein for Germany, but for Germany alone. He understood the bearing of the work begun in 1819. Thus the economic union in Germany preceded the political, whereas in France it followed.

3 The Example of the United States of America

If, then, we cannot find in the history of France or of Germany any precedent applicable to the European federation foreshadowed by M. Aristide Briand, is the experience of the United States of America any more applicable? Not according to Dicey.[2] He holds that the formation of a federal State demands countries grouped together by geography and history, like the Swiss Cantons, the American colonies, or the provinces of Canada, in order to create the idea of a common nationality. The French jurist, M. Jacques Lambert, however, examines the problem more closely.[3] He notes that the States which today make up the North American federation retain, in law at any rate, the majority of the functions of government. He sees in the Constitution of the United States "the old age of an international pact." "The slow acquisition of a national

[1] Bismarck, Otto. *Bismarck, the Man and the Statesman, being the reflections and reminiscences of Otto, Prince von Bismarck, written and dictated by himself after his retirement from office;* tr. from the German under the supervision of A. J. Butler. London, Smith, Elder & Co., 1898.

[2] Dicey, Albert Venn. *Introduction to the Study of the Law of the Constitution.* 8th ed. London, Macmillan & Co., Ltd., 1924.

[3] *Les Etats Unis de l'Europe et l'example américain.* Paris, Pedone, 1929.

consciousness by the United States and the progressive creation of common interests are for them a matter of history. The federal organization found a favourable soil in 1787 as the result of a certain community of race, of language, and of religion. According to M. Lambert, however, the truth about the formation of the United States is not entirely what a glorious tradition would make it out to be. The history of the revolutionary period is now being re-written by a new school which sees in the unification of these States a long progress from disorder towards international order. It regards as so many episodes in the history of the peace the various projects of union; a military alliance, a league of friendship, the Philadelphia Assembly, the endless constitutional controversies, the war between the States, and the modern centralization. Let us look at the essential facts in the light of these ideas. Undoubtedly the United States are very much more comparable to a continent like Europe than to a single State. While the Anglo-Saxons are in an immense majority, all races are represented, the most varied cultures find expression; and if the structure seems simple enough, with two mountainous zones of different age running parallel to each ocean and separated by large plains, there are various climatic zones. While the Great Lakes provide a suitable temperature for the cultivation of maize, cotton-growing is carried on in the South, with its black soils, deposits of the Mississippi, and broken clay, and its long and hot summers relieved by abundant rains.

The Treaty of Versailles having recognized the inde-

pendence of the thirteen colonies, their Constitution made them a federation. But the conflict remained between the Federalists like Hamilton and John Adams, who favoured a strong power, and Republicans like Jefferson and Madison, devoted to the independence of the States. The fact that the parties changed their doctrine did not prevent the rivalry of the two systems. The increase of territory occurred only slowly: in 1803 by the purchase of Louisiana; in 1819 by the cession of Florida; in 1844 by the annexation of Texas; in 1867 by the acquisition of Alaska. We know too how the tariff question revealed a profound opposition between the commercial and industrial States of the North, desiring to protect themselves by high tariff walls against Europe, and the Southern States favourable to free trade to enable them to sell their cotton bales.

On the morrow of the Revolution, the thirteen States themselves were only united by a feeble and despised league of friendship. "Each of the States surrounded itself with barriers in order to demonstrate by its isolation the plenitude of its sovereignty." The beginning of the desire for union, according to M. Lambert, is to be found in the minds of financiers and statesmen disturbed by the enormous war debt and persuaded that it must be liquidated collectively by means of central organizations. They found their support in the great body of holders of State bonds and capitalists frightened by the inflation and the moratoriums. The rich proprietors, ex-officers provided with land, relied upon the Constitution to give value to their properties. The friends of order were afraid of local

upheavals. Finally and above all, the commercial and industrial communities, threatened by English products, felt the need of a Customs Union and found themselves, it would appear, in the same position as that now occupied by the countries of Europe in face of the American power. Having achieved their ideal of security, the constituent bodies were able to deal with the sovereignty of the various States.

If this is a sound theory, the problem which Europe has to face today is similar enough to that which presented itself to the nascent United States of America. The contemporary English traveller, Josiah Tucker, described the chimerical character of the new conceptions in terms very like those used today by opponents of European federation. "The mutual antipathies and conflicting interests of Americans," he declared, "their differences of government, of habit, and of manners, showed that there was no point of union, no common interest; they would never be united into a compact empire under any form of government whatever."

Here is something which should teach caution to the critics of the idea of a united Europe. Admittedly it was a long and painful process that brought about the United States of America. From the point of view of the historian it is not yet complete. "It is, however, only a question of time and nothing can stop it. It was inevitable from the day when the protective barriers between the States were taken down, to be put up in stronger form against the outsider. The national sentiment has developed simultaneously with

national prosperity. No great constitutional upheaval or disorder was needed; the national community was built up under the shelter of the international tariff." And in a letter to Ferdinand Grand, written at this time, Franklin expressed the hope that Europe would follow the example of the United States.

4 The Problem of Sovereignty

It would be a mistake to push the comparison too far, and it is not our intention to do so. Nevertheless, the history of the United States interpreted in this way is singularly encouraging. There have not been many wars so cruel as the conflict which from 1861 to 1865 ensanguined the United States. The Unionists alone, it is said, spent 15,000 millions and lost more than 300,000 men. If the two precedents that we have hastily studied, that of France suppressing her internal customs, and that of Germany arriving at political unity by way of the Zollverein, cannot be followed, the American example shows us at least what can be done by the will of men with their eyes on the future in order to reconcile even violently opposed interests. Union, no doubt, is a more difficult proposition in a Europe where the States are proud of their long past and their rich traditions, and where national personalities are infinitely more clearly defined than were those of the United States. We find ourselves faced in Europe with the historic barrier of sovereignty.

A Socialist, and accordingly an internationalist, writer makes short work of this idea. M. Léon Blum, in *Le Popu-*

laire of May 21st and 22nd, 1930, demands real powers for the future federal institutions of Europe, and a diminution therefore of individual sovereignty. He attacks the very idea of sovereignty, which he deems artificial and archaic. Reflection on these matters, he contends, compels us to recognize that there is an insurmountable contradiction between the solemnly proclaimed intention to unite the States of Europe by a federal bond and the equally solemn engagement to preserve the national sovereignties. M. Léon Blum points out very ably that federation would be difficult, if not impossible, between States without a minimum of principles in common. He is thinking, it will be observed, of democratic principles. On this point we agree with M. Léon Blum, believing with him that the stability of the peace depends upon the stability of free institutions.

In a memorandum presented at Berlin on February 25th, 1930, Count Coudenhove-Kalergi, on the contrary, provides for the preservation of the absolute sovereignty of European States. M. Joseph Barthélémy, Member of the French Institute, goes deeply into the question in a remarkable work presented at Geneva in June 1930 before the Federal Committee of European Co-operation. He recognizes that when we get past the area of negations, or even that of comparisons, the problem of sovereignty represents the essential difficulty. He criticizes the text of the Memorandum as being weak on the legal side, and, arriving by a different route at the same conclusions as M. Léon Blum, he lays down the principle that we cannot create a new order without curtailing the old liberties.

This, indeed, is self-evident. The whole history of progress and the evolution of humanity in the direction of civilization is marked by restrictions, imposed or accepted, of the initial freedom. As soon as society comes into being, individual right is modified. Certainly European federation could not promise to leave each State its absolute sovereignty. On the other hand, we must not lose ourselves in theoretical discussions. The fact is that sovereignty, like individual liberty and property, is a product of evolution. Public treaties restrict rights just as private contracts do. We find ourselves here faced again with the great fact to which we drew attention at the beginning of our study. "More and more," as M. Barthélémy, in his turn, has pointed out, "the international control of industrial groups and cartels is developing; international understandings for canals, railways, posts, automobile routes, respond increasingly to ever-growing needs; social reform measures, insurance and protection of workmen, are supplemented by treaties extending their benefits to outsiders living within the frontiers. . . . There is already an international law and a League of Nations imposes its measures on each State."

It has been pointed out that Suarez and Vittoria, two canonical authorities, admitted the limitation of national sovereignty in order to promote the political unity of human society, and that the notion of a State free of all obligations is a conception of absolute theorists of the eighteenth and nineteenth centuries, an invention of Rousseau, of Kant, and of Hegel. The War of 1914–18 has shown so clearly the danger of such conceptions that the time has

come to abandon them for ever. The Briand-Kellogg pact alone very fortunately reduces the essential traditional sovereign right of the appeal to arms. M. Joseph Barthélémy's contention, which deserves at least to be studied, is that we have to develop M. Briand's idea and carry it to a point at which the States would remain independent in their mutual relations, but would necessarily abandon a part of their sovereignty for the benefit of the new organization.

We should dwell at greater length on this definition, which itself needs to be clarified, if we were not of the opinion that these theoretical discussions ought not to go beyond certain postulates. If a European federation were duly constituted, experience would reveal the necessity of a new law, in fact, even before it could be deduced by reasoning. Entrance to the European federation would be free. "No State could be compelled to come in against its will, and, on the other hand, no State could impose itself upon others against their will." We are glad to say that M. Joseph Barthélémy shares our view on the scope of the League. According to him, we might even allow conditional entry, on the lines which New York proposed to the future United States. Great Britain might join with "reservations based on imperial consideration." Switzerland, when she entered the League of Nations, safeguarded her perpetual neutrality.

The European organization would thus be "a union of States, not a unity in which the sovereignties would be swallowed up." It would have its organs. The Union might have a personality invested with rights of its own, without

prejudice to the personality of each State. It would have institutions common to the whole of Europe, the States it united would remain, some monarchical, others republican. It would hold regular sessions. "The organism of European co-operation would be an organism of international law, not constitutional law." M. Joseph Barthélémy does not desire that it should have a parliament; each State represented could be compelled only by its own consent. A law of European co-operation would only become law by will of the legislative body of the affiliated State, and all the States in the federation would enjoy legal equality.

If the federation is set up, its own existence will teach us more than we can learn from the most far-sighted logic. M. Barthélémy has used a formula which is a favourite of mine: "We must give Europe a body before we can give her a soul." To do this we must begin prudently, act with moderation, working, to begin with, on the simplest problems. These considerations themselves, proceeding from the desire we have so often affirmed, to substitute analysis for a premature synthesis, are only presented in all modesty as a basis of discussion.

Chapter Eleven

PRESENT-DAY LESSONS

IT is now possible to point to more than one effort in Europe towards organization. One of the most interesting is the project of mutual aid undertaken by the Scandinavian States with periodical conferences between public officials, or shipping interests, or members of parliaments. The Governments consult with one another formally, before each Assembly of the League of Nations, for example. An inter-Parliamentary Scandinavian Union is held each year in one of the five capitals of the North.

The Nordic Administrative Federation (*Det Nordiske Administrative Forbund*) was founded in 1918 on private initiative, uniting the public servants of five central administrations—Denmark, Sweden, Norway, Finland, and Iceland. In this way it is attempted to unify reforms. The last assembly was at Helsingfors on August 9th, 1929.

The Nordic Inter-Parliamentary Union (*Nordisk Interparlementarisk Union*) takes cognizance of the laws passed in the various Scandinavian countries. In addition to the Commercial Conferences (*Det Skandinaviske Handelsmöder*) and those of the Federation of the Wholesale Dealers (*Nordisk Grossist Forbund*) a very remarkable association has been established between the Council of Danish Industry (*Industriraadet*) and the industrial group-

ings of the other Nordic countries. The national banks work together and the Literary Union (*Nordisk Forfattmöder*) protects the social and economic interests of writers. In 1929 the Danish Conservative party suggested that the Government should open negotiations between the Scandinavian countries on the subject of national expenditure. The Minister of Foreign Affairs, Mr. Munch, opposed, but simply on the ground that the interested countries were already co-operating.

The lesson taught by the Little Entente should not be overlooked. Realizing the advantage which might be derived from regional agreements within the framework of the League of Nations, it sought to associate certain countries possessing similar political and economic interests. It met with the same objection as that which is advanced today against the European federation. Would it not compromise the future of the Geneva Assembly and bring about the return of pre-war methods which are now condemned? The Little Entente, however, believed in the necessity of regional groupings and said so at the second Assembly of the League. It secured a resolution authorizing, encouraging, and sanctioning its proposal. From 1925 it has had a *de facto* right at least to a seat on the Council.

The progress of the Little Entente during ten years has justified its principles and the wisdom of eminent statesmen like Dr. Benês, to whom Europe owes so much. This Union has assisted in maintaining calm in Central Europe;

it has resisted open or covert irridentism and frustrated in 1921 two attempts to replace the Habsburgs on the throne of Hungary. Realizing the gravity of the consequences brought about by the dismemberment of Austria-Hungary, it has done its best to limit them. Already there existed a cultural Czechoslovak-Yugoslav agreement, and a Czechoslovak-Rumanian agreement. Although these three States are to a certain extent rivals, since each of them owes part of its strength to its agriculture, they have agreed to collaborate closely, they have even carried out an agreement with Austria, and they are now moving in the direction of Hungary. They are united in their foreign policy, and have set up a common organ of procedure and action. There are regular annual conferences of their Foreign Ministers. The crowning achievement of this work was the signing of the common statute of the Little Entente at Strbske Pleso in June 1930. The Union will shortly have its permanent President. The last Conference decided to draw up a detailed plan of technical, economic, and legislative measures tending to unify the domestic conditions in the three States.[1] This programme will be rendered possible by the following agreement:—

Statute of the Little Entente

1 The Foreign Ministers of the Little Entente shall meet generally twice each year, the first time during the Assembly of the League of Nations at Geneva, the second at a place

[1] See Codresco, *La Petite Entente*, Imprimeries des Presses Modernes, 45 Rue Maubeuge, Paris, 1930.

to be determined in one of the respective States. This second Conference, which shall be obligatory, is the principal Conference.

2 The principal Conference shall be held successively in each of the three States. The Foreign Minister of the State in which the Conference is held shall be President for that year, and shall decide the agenda of the Conference and take the initiative in all measures concerning the date and place of the gathering.

3 In all questions discussed and measures taken concerning the mutual relations of the three States of the Little Entente, the principle of their absolute equality shall be strictly respected; likewise in the relations of these States with other States or groups of States, and towards the League of Nations.

4 As the necessities of the situation may require, the three Foreign Ministers may decide by common agreement that on a given question the representation or the defence of the point of view of the Little Entente may be confided to a single delegate of a single country. The regular method of presentation of this case will be by the State or by the delegate representing the State on the Council of the League of Nations, elected to the Council as a candidate of the Little Entente.

5 An Extraordinary Conference may be convoked by the President for the time being if the international situation or any international event may demand it.

Let us now leave Europe and turn to what has been done in America to organize a Federation similar to that which M. Briand wishes to undertake.

It is an enthralling story.[1] We know how the emancipation of the English colonies reacted on the Spanish and Portuguese colonies, awakening their desire for independence, and thus creating a sort of spiritual bond between the North and the South of the continent. The influence of the French Revolution led the liberated countries, with the exception of Brazil, to choose democratic constitutions. The new States were attracted by the federal regime, which they substituted for the old Spanish centralization; rejecting the system of balances and interventions contemplated by the Holy Alliance, they recognized the principle of legal equality between the nations. As Señor Urrutia rightly observes, the men who brought the young Republics into existence, Washington, Bolivar, Miranda, Narivro, Santander, San Martin, O'Higgins, Hidalgo, and Artigas, rendered immense services to civilization, and deserve to be much better known in the Western world.

The new States sought unity also to avoid the wars which had ravaged the Old World. Very soon the idea of a South American Confederation came to birth. We find the idea outlined in 1910 at Chile in the declaration of the rights of the people. In this sphere, however, as in so many others, the real pioneer is the great Bolivar. In 1815 he had expressed his intention of summoning at Panama a "Grand Congress of representatives of republics, kingdoms, and empires, to consider and discuss the interests of peace and war with the nations from the three other parts of the

[1] We abstract from *Les Conférences Pan-Américaines*, by Francisco José Urrutia. Paris, Rousseau et Cie., 1923.

world." We shall never sufficiently praise Simon Bolivar, the Liberator, who in 1819 created Colombia, who proclaimed the independence of Peru in 1822, who founded Bolivia and, after so many victories, after having called so many people to a free life, crowned his work by the project of a universal federation. His statue should be erected at Geneva, near the Palace of the Nations. The instructions of Bolivar to his delegates developed his admirable scheme. He wished to form "a league of sister nations," to institute "an amphictyonic body or council of plenipotentiaries which should represent the interests common to the American States and also deal with any disagreements which might arise in future between these peoples of similar manners and customs." Colombia, in fact, concluded several preliminary treaties. In 1824 Bolivar addressed to all the Governments of America, including that of the United States, his celebrated circular in favour of arbitration. The United States decided to send only two *observers* to Panama; even at that time the great Republic was somewhat reserved. From Latin America only Colombia, Mexico, Peru, and Central America nominated plenipotentiaries. The Congress met on June 22nd, 1826, and held six sessions. On the 15th of July there was signed the Treaty of Union, of League, and of Federation, involving a defensive and offensive alliance. The limits of the States were placed under the protection of the Confederation. The pact was open to extension to all countries, but unfortunately Colombia alone ratified it. Bolivar died without seeing the realization of his admirable and humane idea, his dream of international

justice. This idea, however, has been passed on to following generations, and we find its influence today in the zeal with which representatives of Latin America take part in the work of the League of Nations.

In 1831 a new Congress was summoned on the initiative of Mexico. In 1847, Peru convoked and prepared the Treaty of Confederation signed at Lima, which gave a large place to arbitration, but was not ratified.

After many attempts, and it must be admitted many setbacks due to the still unsettled question of frontiers, Bolivar's idea appeared to be frustrated. In 1881, however, a new factor intervened. The Secretary of State of the United States of America invited all the Governments of the New World to a conference at which the subject of arbitration was again discussed. The Conference did not actually meet until October 1889, when representatives of all the countries of America except San Domingo were present. The eighteen countries met on a basis of absolute equality to discuss the suppression of secret treaties, work towards peace, proscription of the right of conquest, and extension of arbitration. The idea of a tariff union was quickly abandoned, but on the other hand, a great economic programme was considered, including inter-oceanic communications, railways running through and uniting all the American countries, and the adoption of a common currency. There was even a proposal to establish an international American language. The Conference proceeded not by decisions but by recommendations.

The second Pan-American Assembly was held in Octo-

ber 1901 on the invitation of Mexico. Some very useful information is to be found in the circular of the Minister Mariscal, declaring his confidence in the efforts "to establish the reign of justice and to resist the tendency of force to substitute itself for law." We Europeans are mistaken in thinking ourselves always more advanced in our ideas than citizens of other parts of the world. In a document like this, we are happy to find the ideas of our own eighteenth century coming to fruition on new soil, the affirmation of the moral law, to which it is necessary that politics should one day submit itself, the appeal to free opinion against reactionary governments. We lift our hats to this philosophic Minister who, on the threshold of the twentieth century, believed in the rights of reason and the utility of broad discussions. Mr. Mariscal points out that the Americans are not attempting to form a world of their own, since they remember that they owe their civilization to Europe, and that the great interests of humanity are the same everywhere. There exist, however, in America very special interests as well as closer reciprocal bonds and less complicated relations than in the Old World.

America applies to herself the lessons taught by Europe, and in her turn offers an example. In the course of this second Conference several international agreements of a political, legal, and economic order were reached. The agreements signed at The Hague for the peaceful settlement of international conflicts were accepted. On January 20th, 1902, seventeen States signed the general Compulsory Arbitration Treaty. Three important conventions were drawn

up on the rights of foreigners, extradition, and claims for damages and pecuniary loss. From that time, the Conference of Mexico City, by its long list of achievements, points to the programme which a European Conference might usefully follow. It set up the remarkable Christopher Columbus Library and arranged for the exchange of official publications.

We must pass very rapidly over the third Conference, held at Rio de Janeiro in July 1906 (at which Mr. Root, in the name of the United States, condemned any policy of hegemony), and the fourth Conference at Buenos Aires in July 1910. In the interval the five States of Central America set up an International Court of Justice. Previous efforts had rendered possible the organization of the Bureau of American Republics and its installation at Washington in the building given by Mr. Andrew Carnegie. "This Bureau was, and is still," wrote Señor Urrutia in 1923, "intended to ensure mutual understanding among the members of the Union, and to facilitate their mutual relations. The costs were borne by all the American States. From its foundation it has rendered signal services to the Union; it carries on an active correspondence with the Governments and issues very important periodical publications which are widely circulated; it possesses, moreover, a fine library. The present head is a person of great authority and well-merited prestige in all American countries, Professor Leo S. Row."

Friends of European federation would do well to study in more detail than is possible in this place the working of

the Pan-American Union. It is worth while to analyse the work of the fifth Conference, assembled in 1923 at Santiago, Chile, under the Presidency of Señor Alessandri. On this occasion there were some new and very important factors. The whole world remained troubled by the consequences of the horrible war. The League of Nations had been created and The Hague Permanent Court set up on a basis of the legal equality of nations, the very principle which the American delegates had so earnestly defended. The American Institute of International Law had been established. At Santiago the question of reduction of armaments was raised. By an example which deserves to be both meditated and imitated, a Convention of Relative Disarmament had at last been signed at Washington by Guatemala, Honduras, Salvador, and Costa Rica. "This pact," according to Señor Urrutia, "is the first of its kind to be recorded." It marks the gradual realization of the noble ideas expressed by President Wilson at the Washington Congress on January 5th, 1916. "The suggestions then outlined were," he declared, "intended in the first instance for the most powerful States on the great principle of self-control and respect for the rights of others. They were founded upon the principles of an absolute political equality between the States, an equality based upon right and not upon patronage; they were founded, in short, upon the eternal and impregnable principles of justice and humanity. Nobody could turn aside from them, without turning aside from everything upon which the hopes of the world rest. These were the noble things which the world had

hoped for and waited for with an anxious heart. God grant that it might be given to America to hold its light so high that the whole world might be illuminated." [1] We should like the France of 1930 to make these ideas her own, and to recognize her own influence in them. It is well that Europe should listen to such inspired appeals at a time when she seems herself to have a doubt of the moral laws which have created the democracies, and which alone can make us deserving of peace.

The sixth Pan-American Congress met at Havana, Cuba, in 1928. Señor Machado, President of the Republic, outlined the aims of Pan-Americanism, a constructive work tending towards universal peace and the moral and spiritual unity of nations. "In international life," he declared, "greatness should not be estimated by brute force, but by the accomplishments of each nation in its civilizing efforts." Mr. Calvin Coolidge, President of the United States, was highly optimistic. He expressed his pleasure, speaking before nations free from the jealousies and the traditional hatreds of the Old World, nations in which the principle of the rights of man had received its fullest application, at being able to declare himself in favour of the spirit of democracy, as well as the spirit of peace. "It was better," he said, "for nations to commit their own crimes than to let some one man commit them for them." Summing up the work of the previous Conference, Mr. Coolidge dwelt particularly upon the growth of railway systems, which will make it possible

[1] Speech quoted by the review *L'Europe Nouvelle*, Sept 27th, 1928, which has done so much to spread the peace idea under various forms.

to go without interruption from the Northern frontier of the United States to the Southern frontier of Salvador, and from Peru to Patagonia, the creation of the great arteries of inter-American automobile communication, and the establishment of airways. He quoted, as a happy result of Pan-Americanism, the raising of the level of existence for all wage earners, the extension of inter-American commerce by the combination of scientific instruction with a social policy which increased the purchasing power of consumers. "We cannot," he said, "make any progress in the economic domain, do anything for education, or even achieve anything in religious matters, so long as human affairs are not submitted to the ordered authority of law. It is in the reign of law that the weak and the oppressed will find their surest shelter. It is the shield and buckler *par excellence* of the small nations." Señor Rafael Martinez Ortiz, Foreign Minister of the Cuban Republic, emphasized that the American nations desired not to combine against the old continent, but to afford a useful example.

On January 21st the Mexican delegation produced a scheme of reform for the States of the Union. The President of the United States delegation, Mr. Hughes, proclaimed the practical idealism of his country, and explained the intervention in Nicaragua. From this point on there was a sort of battle. The President of the Argentine delegation, Señor Pueyrredon, protested against high tariffs and against the principle of equality in the cost of production. This principle, according to him, gravely compromised the relations between the American countries. To

attempt to discover what was in each country the cost price of a given article, and to fix a compensating tariff, was like trying to make water circulate by levelling the ground over which it ran; it was a denial of the differences of economic development between the peoples. We are here faced with a difficulty which in all probability would be encountered by the European federation. Señor Pueyrredon argued in favour of the fiscal harmony recommended by the Geneva Economic Conference in 1927, and showed the dangers involved in the most-favoured-nation clause. Señor José Antezana demanded on behalf of Bolivia the right of access to the sea.

At the sixth Conference Dr. Maurtua, President of the Peruvian delegation, submitted a report on the codification of international law. The text for a convention submitted on February 15th was carried on February 18th by the unanimous vote of those present, after the retirement of Señor Pueyrredon. It comprised fourteen articles, with the following preamble:—

> THE AMERICAN REPUBLICS, whose moral union rests on the legal equality of the Republics of the Continent and a mutual respect of the rights inherent in their complete independence, desiring to reconcile more completely their economic interests and to co-ordinate their social and intellectual activities, recognizing that the relations between the peoples are governed as much by law as by their legitimate individual and collective interests,
>
> *Resolve* to continue to develop their joint co-operation and solidarity by means of the periodical summoning of Amer-

ican international conferences, of organisms set up in virtue of international agreements and of the Pan-American Union, which has its headquarters at Washington.

The Pueyrredon-Hughes conflict continued, however, on the economic question. Mr. Hughes appealed to the necessity of preserving the liberty of State legislation and insisted upon the principle of sovereignty. He quoted the example of Mexico, with its duty on petroleum, and of Chile protecting its nitrates. Already one can see the gravity of the problem put to all the nations of the world by the United States, which has rendered and is rendering so many services to civilization, but which has its own peculiar manner of reconciling the programme of internationalism with the principle of sovereignty.

The Conference condemned aggression. The intervention of Mr. Hughes, who demanded certain limitations upon the rule of arbitration, gave rise to a serious debate, provoked by Señor Guerrero, delegate of Salvador. Mr. Hughes dealt frankly with the question of Nicaragua, declaring that the United States entered the country solely to assure the freedom of the elections and the rights of their own nationals. It was a touching scene. Mr. Hughes, it is recorded, trembled with emotion in recalling how the United States had given their arms and their blood for the independence of the American nations, and declaring that they were willing to do it again. He could not, he declared, sacrifice the rights of his country. He was prepared to join with them in proclaiming international law and in draw-

ing up its code, but it must be the law of justice which had been handed down to them, the law of the nations to which they found themselves linked, that of justice between man and man and between nation and nation.

The texts were signed on February 20th, providing for a Convention of the Pan-American Union, the establishment of the principle of compulsory arbitration for the solution of conflicts between American countries, with the exception of those dealing with the sovereignty and independence of nations, and with purely internal problems, a Convention relating to the rights of foreigners, and the adoption of a Pan-American sanitary code, a commercial aviation convention, inter-American protection of trade marks, simplification and unification of consular proceedings, regulation of automobile, electric, maritime, and railway traffics, adoption of a metric system, creation of the Pan-American Institute of Geography and History, creation of an American Union of Intellectual Co-operation, and so on. Here are already many examples for Europe to follow. Leo S. Row, Director of the Union, expressed publicly his enthusiasm at the results of the Conference, the most fruitful, according to him, which had been held since the meeting in 1889 at Washington.

Can we associate ourselves unreservedly with this optimism? The Havana Conference was certainly marked by more than one storm and created certain disillusionments. For the first time all the countries of America, with the exception of Canada and the European colonies—twenty-one republics—replied to the appeal of the Executive Council,

whereas at Santiago in 1923, Bolivia, Mexico, and Peru had been unrepresented. The United States delegation had been drawn up with particular care under the smiling and energetic presidency of Mr. Charles Evans Hughes. It comprised Mr. Henry P. Fletcher, Mr. Dwight W. Morrow, and Mr. James Brown Scott, President of the American Institute of International Law. Powerful personalities fought effectively against the impression produced by the events in Nicaragua. Side by side with the North American delegation were the representatives of Nicaragua and Peru. Señor Maurtua did much to avoid a debate on the intervention but the general body of the Republics remained hostile. The lively offensive of Señor Pueyrredon, member of the Council of the Union, the authority of Señor Guerrero, that devoted friend of the League of Nations, the legal finesse of the Mexicans, the energy of the Haitians (who expressed their views in French), and the reservations of Chile gave at least picturesqueness and animation to the debates of the Conference. Uruguay and Venezuela acted in some degrees as arbitrators. Brazil held herself in reserve.

It is evident, then, to any candid observer, that complete union does not yet exist between the United States and the other American Republics, which are divided from one another by conflicting interests. The Argentine exerts an increasingly great attraction. The line of the Pan-American railway raises considerable difficulties, and certain frontiers are still disputed. We have not forgotten the question of Tacna and Arica. The United States have been able to maintain their traditional conception of the Monroe

Doctrine, but this doctrine must be considered henceforward as the expression of a one-sided policy. The Latin-American Republics have too much need of the financial aid of the United States to display a complete independence, for North American capital invested in these Republics amounted on October 30th, 1927, to nearly 5000 million dollars, as against 3500 millions invested in Europe. The United States will endeavour, therefore, to keep the other countries of the continent within their orbit and detach them from European influence. Hence the creation of the Institute of History, the Institute of Intellectual Co-operation, the registration offices for trade marks, and the conclusion of conventions relating to aviation, automobiles, and railways. The United States is too fair to fail to understand that an informed Europe will and ought to defend herself. She will be aided by the interests of the very Republics whose customer she is.

If Europe did not organize, the Pan-American Union might be tempted, in spite of the efforts of some excellent men, to oppose itself to the League of Nations, and to impose its discussions upon the whole world. At bottom and in the last resort the organization of world peace, in America as well as in Europe, will depend upon the attitude of the United States. The telegram sent from Buenos Aires on February 17th, 1928, to Señor Pueyrredon by the President of the Argentine nation has modified but not removed the difficulties in the way of the American Union. In Peru the reviews *Mundial* and *Variedades* have strongly criticized the results obtained. A very alert press in Spain has stressed

the opposition which must henceforth exist between Spanish-American interests and the Monroe Doctrine, criticizing the police rights which the United States desires to arrogate to herself in all the Latin Republics, and referring to the cases of Nicaragua, San Domingo, Puerto Rico, Panama, and Cuba. According to *El Sol,* the League of Nations gained in prestige at Havana.

In spite of these reserves, which candour compels us to make, it would be a mistake to deny the value of the example which America has given to Europe, as it would be to underestimate the character of the statesmen who have taken part in the six conferences. We must have faith in the future. Will the United States continue to desire to separate herself from Europe and to dominate America? She is so strong that, having no reason to fear for herself, she may perhaps end by associating herself with the acts and efforts of those who wish to organize the world by progressive stages in the direction of a lasting peace. Both in Europe and in Latin America she can do much. She has given so many examples of devotion to great causes, that we cannot bring ourselves to accuse her of imperialism either on a general or on a purely American scale.

As President Coolidge has pointed out, association is comparatively simple between republics of the same date, origin, and character. The problem of union for Europe presents itself under an infinitely more complicated aspect. Pan-Americanism, with its six successful Conferences, nevertheless teaches us a valuable lesson. It has shown at

least the form which our attempts at European federation ought to take, that of periodical conferences prepared by a permanent information service, and carried into effect by executive bodies.

Chapter Twelve

CONCLUSIONS

WE are conscious of many gaps in this necessarily rapid survey of our subject.

It would have been interesting to study in greater detail the replies sent to the Federal Committee of European Co-operation by the various national bodies. The British reply, for example, is so reserved as to amount almost to a refusal. Spain is more encouraging. Rumania holds that a political understanding must precede an economic agreement; that, at any rate, is the opinion of M. Duca, the ex-Foreign Minister.

We might, too, have dealt separately with the European agricultural problem. This subject was raised by M. Augé Laribé, General Secretary of the National Confederation of Agricultural Associations, before the first Customs Union Congress at Paris (June 30th to July 1st, 1930). The French countryside remains strongly attached to fiscal protection and demands that it should be reinforced. Proposals of a union, based upon the idea of free trade within the limits of the group to be established, are, therefore, disconcerting. This is partly because they have not yet learned to consider agricultural questions on an international scale; they remain primarily a national concern. For the farmer the great danger is overproduction; he has the impression,

moreover, that industrialists and even economists do not understand his position.

Farmers are complaining all over the world at present. They feel that they are not getting remunerative prices for their produce.[1] Since the convulsion of the World War the prices of manufactured goods have soared much higher than those of agricultural products. Wages, ground rents, machinery, fertilizers, clothing, ironmongery, taxes, and interest on loans, all represent an increase of expenses which is not adequately compensated by any increase in the price of what the farmer produces. Numerous middlemen take their share of the profit and the result is a distress to which the increasing exodus from the countryside bears witness. The fall in prices in Europe is due primarily to the very vigorous competition of non-European countries, which are enabled by more extensive cultivation to produce more cheaply, and are less burdened by fiscal charges.

According to M. Augé Laribé, who appears here to be replying to M. Delaisi, it will not be sufficient to organize the exchanges between agricultural and industrial countries on a logical basis. This reasonable and just solution would be very simple, but the division of countries into "agricultural" and "industrial" is rather arbitrary. There are mixed countries, or even balanced countries, like France, in which the share of agriculture in the annual revenue is appreciably in excess of that of the various industries (44 per cent of the total revenue, including per-

[1] We follow closely the exposition of this topic by M. Augé Laribé.

sonal fortunes). Even in industrial countries, cultivation and cattle-breeding have not been reduced to economically negligible factors.

On the other hand, agriculture has to reckon with the caprice of nature, and the considerable variations in produce. The French wheat harvest passed from 100 in 1925 to 71 in 1926, to 83 and 85 in 1927 and 1928, to 105 in 1929. The figures for Europe, excluding Russia, are 100 in 1925 and 86 in 1926, while world statistics give the following sequence: 100 in 1925, 104 in 1926, 105 in 1927, 113 in 1928.

Greater variations still are found in the wine yield. There is no regular rhythm. "The victualling problem which Pharaoh's steward, Joseph, solved so brilliantly of old, was simple compared with those that present themselves to us. He knew that seven lean years would follow seven years of abundance. In those conditions, it was a simple matter of hoarding." We moderns lack this prophetic power and have to do our best without it.

Europe cannot supply her own needs in agricultural products. She consumes large quantities of food and raw materials which do not grow in her climates—rice, cocoa, tea, coffee, pepper, peanuts, soy, copra, cotton, jute, sisal, esparto, india rubber, and so on. Even in the harvests and stocks of the temperate zone, Europe produces less than she consumes. She turns to the other continents for wheat, barley, maize, sugar, fruits, meats, and certain products of animal origin. M. Augé Laribé takes wheat as an example, and the table he has drawn up deserves to be studied:

PRODUCTION AND TRADE IN WHEAT IN EUROPE
Average 1925–1928. *In thousands of bushels*

COUNTRY	PRODUCTION	EXCESS OF		CONSUMPTION
		IMPORTS	EXPORTS	
Austria	11,234	8,434	—	19,668
Belgium	15,374	41,075	—	56,449
Bulgaria	42,626	—	877	41,749
Czechoslovakia	42,983	9,270	—	52,253
Denmark	10,023	5,490	—	15,513
Estonia	906	517	—	1,423
Finland	976	15	—	991
France	279,550	44,627	—	324,177
Germany	115,950	74,160	—	190,110
Great Britain and Northern Ireland	52,298	188,190	—	240,488
Greece	12,405	14,357	—	26,762
Hungary	80,586	—	11,036	69,550
Irish Free State	1,124	10,177	—	11,301
Italy	221,213	86,491	—	307,704
Latvia	2,284	1,784	—	4,068
Lithuania	5,259	73	—	5,332
Luxembourg	646	—	—	646
Netherlands	6,173	21,215	—	27,388
Norway	620	3,358	—	3,978
Poland	66,434	7,083	—	73,517
Portugal	9,997	5,523	—	15,520
Rumania	106,850	—	8,309	98,541
Spain	143,310	3,281	—	146,591
Sweden	15,106	7,160	—	22,266
Switzerland	3,971	16,126	—	20,097
Yugoslavia	77,400	—	6,070	71,330
	1,325,298	548,406	26,292	1,847,412
Russia (Europe and Asia)				
1925–1928	794,560	—	26,178	—
1909–1913	756,020	—	15,111	—

"What are these tables worth?" asks M. Laribé. "We know that statistics of production are of slight value, but they are generally serviceable, especially for so important a product as wheat. The information on imports and exports which we have collected here does not supply exactly what we want. The second and third columns of figures show the net excess of imports or exports, but they combine European and non-European imports. For the purposes of an exact study, moreover, we should have to take into account not only the wheat, but the flours, the grains imported for purposes of re-export as flour, and, finally, the rye, which, particularly in the countries of Northeastern Europe, remains important as a bread-making cereal."

Accepting these figures as approximately correct, we arrive at this simple conclusion which deserves to be kept in mind: the needs of Europe exclusive of Russia, represent about 1850 million bushels of which European production supplies seventy-one per cent. Only four countries (Hungary, Rumania, Yugoslavia, and Bulgaria) export more wheat than they import. Seven countries (Belgium, the Irish Free State, Great Britain, Greece, Norway, the Netherlands, and Switzerland) import more than they grow. Other countries, including Germany and France, look upon imports merely as a supplement to their home production. M. Laribé does not answer the question whether Europe is capable of producing from her own soil the 1850 million bushels she needs. He admits that such a result might be arrived at; but on what conditions? Eu-

rope, producing at greater costs than Canada, the Argentine, and Australia, would need to defend herself by high protection. National organizations, very much on the model of the Swiss import monopoly, would be necessary within each State.

We are grateful to M. Laribé for having presented so serious a problem, at least in its main features. What he has done for the problem of wheat needs to be done also for those of wine, meat, dairy products, and sugar. It may be admitted that French wine-growers would not willingly agree to a Customs Union with Spanish, Italian, Greek, or Rumanian producers. M. Laribé has expressed in very arresting terms the misgivings of agricultural France, "which does not conceive of agricultural exports on the large scale that excites the imagination of farmers in other countries. Agricultural France knows well that her dream of stability, of static balance, of harmony without modulations, has little chance of being realized in a world where equilibrium is only attained by the opposition of contrary movements. If she agrees to the organization of international exchanges, it is because there is less risk in engagements in a large market than in a national one, but she cannot view without disquietude an economic system which would produce rivals as far afield as the shores of the Black Sea or the Baltic. Possibly there is some exaggeration in all this, but prudence is the mother of safety, and it looks as though, in return for certain risks, only vague hopes are offered. Agricultural France doubts

whether the drawbacks will be adequately compensated, and fears that the profits may go elsewhere than to those who bear the losses."

M. Laribé's conclusion, nevertheless, is neither negative nor even pessimistic. While he does not accept the idea of a European Customs Union, he does not dismiss it. He demands that an examination, which must be long and difficult, should be undertaken. The Congress for a European Customs Union after this important communication, resolved in favour of an inquiry into the production of wheat and rye in all the countries of Europe.

These very legitimate objections, advanced in the name of French agriculture, are chiefly effective against those who would begin the work of European federation with the suppression of customs. We have already made it clear that we are not of their number, and all our investigations have gone to confirm the opinions we had formed on this question at the outset. We have found nothing in the report of M. Laribé which stands in the way of our desire to see European agriculture taking its place in a work of co-ordination of which it should be the first to reap the benefits. The first Congress for European Customs Union seems to have profited by its study. True, it recalls the recommendations of the International Economic Conference held at Geneva in 1927 and refers to the decisions of March 24th, 1930. It does not wish, however, "to delay the immediate realization of a European Customs Union." It aims at grouping the States, "preferably those which are

neighbours and have reached the same stage of economic development." The programme is thus restricted to an attempt at regional economic understandings. The first of these understandings would be a grouping of France, Germany, and the contiguous countries. The Congress also very naturally took account of the new tariffs imposed by the United States, which it felt called for collective European action. The general attitude of the first Congress confirms our recommendation to proceed with prudence, our aim at the progressive organization of production and exchange, and our wish to see the countries beginning to take council together.

We have here a new proof that wisdom comes from the earth, but there is another domain which we have not yet explored and whose importance increases every day—the aerial. The Geneva Assembly will have to organize this too. Here we find ourselves faced with an entirely new work. The development of aviation demands:

1 The elaboration of a positive aerial law of general application with the help of permanent or periodical organizations, the most important of which are:—

(a) The International Commission of Aerial Navigation set up by the Convention of October 13th, 1919.

(b) The Conference of Private Aerial Law.

(c) The International Committee of Technical and Legal Aerial Experts.

(d) The International Congresses.

(e) The Postal Conventions.

2 The settlement of questions of particular interest to a certain number of States and resulting from diplomatic agreements. These agreements are:—

(a) *General,* dealing with questions relating to pilots' licenses, aircraft certificates, flying conditions, customs formalities. These arise chiefly from the Convention of October 13th, 1919.

(b) *Special,* dealing with the establishment of commercial lines.

The Convention of October 13th, 1919, now comprises twenty-seven States but has not yet achieved universality. A special agreement, for example, was necessary between France and Germany. This was signed on May 22nd, 1926. The International Commission of Aerial Navigation is under the authority of the League of Nations but it acts as a link only between the contracting States. All the European powers have an interest in coming to an agreement not only in the sphere of public law but in that of private law. Numerous international conflicts are caused by the multiplicity of special laws. No doubt, as the committee of legal experts pointed out in Paris in May 1926, we must tend towards a single international code of private aerial law, but there are many obstacles to be overcome. At the Latin-American Congress of Aerial Navigation (October 1926) a convention was drawn up modifying the 1919 Convention.

There is an obvious advantage in the drawing-up of a

European plan for the development of routes. We find bilateral conventions increasing. France in 1922 came to an understanding with Czechoslovakia and concluded special treaties with Italy, Belgium, Spain, and Great Britain. These agreements paved the way for further conventions which will regulate technical and financial co-operation between the contracting States. Why should not such treaties be European? The list of international aerial agreements adopted during the ten years from November 1919 to October 1929 is very impressive in this connexion. (See Appendix, p. 319.)

Who can regard such a confusion as representing an ideal order or even as being tolerable in a domain where everything is new and where we might have avoided, and still may avoid, the complications and the mistakes imposed in other departments by tradition?

It would be very interesting, too, to study the reactions of the different peoples to the scheme of European federation. We have recently learned that, so long ago as 1675, an advanced mind had conceived the idea of a Christian Bank. Théophile du Pineau, a member of the Consistory of Charenton, applied to the Geneva magistrates with this object in view. His aim was to succour the whole of Christendom, to abolish poverty and mendicancy, to commit the discussion of affairs to the "wisest of the participants" and summon all the nations to lead a simple and "innocent" life. This idea was, perhaps, more practicable in the political Europe of the seventeenth century than in the

economic Europe of the twentieth, where life has become so complicated.[1]

We can still understand, for example, the objections to which the Briand Memorandum may give rise in a country with varied interests, like Great Britain. Is there not a danger that the plan might weaken the British Commonwealth of Nations and run counter to the programme of Lord Beaverbrook? Speaking on May 20th, 1930, at the International Jewellers' Dinner, Sir Austen Chamberlain seemed to have his doubts. Mr. Roland Atkinson[2] criticized the proposal for its vagueness and argued that only a community of interests could create in Europe a union of hearts. This was the thesis of the whole of the Beaverbrook press. A letter from Mr. P. J. Hannon, M.P., to *The Times*[3] does not seem to us very encouraging. According to *The Round Table,*[4] Great Britain's role would be to establish a collaboration between the United States and Western Europe. If the effort failed and Great Britain found herself called upon to choose between association with a Europe which had returned to the military balance of power on the one hand, and union with the United States on the other, she would certainly adopt the second solution. This, however, would be serious, for, argues *The*

[1] We should have liked to be able to analyse certain essential books:—Orestes Ferrara, *El Panamericanismo y la opinión europea* (Paris, Le Livre Libre); Pierre Mendès France, *La Banque Internationale;* Bertrand de Jouvenel, *Ver les Etats Unis d'Europe;* Gaston Riou, *Europe, ma patrie* and *S'unir ou mourir.* The last four books are published at the Librairie Valois, Paris.

[2] *The English Review,* June 1930.

[3] May 13th, 1930.

[4] June 1930.

Round Table, a rupture between Europe and the English-speaking countries would mean war.

Mr. Wickham Steed, on the other hand, favours M. Briand and liberal opinion generally welcomed the Memorandum. Mr. Keynes's weekly journal *The Nation* [1] commended it and severely criticized the opposition of the former Conservative Minister, Mr. Amery. The Labour writer, H. N. Brailsford, in *The New Leader,* cordially welcomed the proposition. The League of Nations, he wisely argued, is a living reality, and we do not need any other centre of international solidarity. It is necessary, however, that it should elaborate a special organization for European problems and, when the time comes, another for Asia. We agree entirely with Mr. Brailsford.

The Economist,[2] which argued that the existence of a European federation would not injure British Imperial interests, quotes the arresting example of Canada, a member of the Pan-American Union, which is not even attached to the League of Nations. Mr. Britten Austin [3] holds the same opinion. We were impatient to know what attitude Mr. Norman Angell would take. He congratulates [4] M. Briand on his initiative and argues that the world will become ungovernable unless a check is placed upon the tendency to progressive fragmentation. Like Mr. Brailsford, he holds that the League of Nations is too unwieldy to carry out an effective work of co-ordination. Mr.

[1] May 24th, 1930.
[2] May 20th, 1930.
[3] *The Sunday Pictorial,* May 25th, 1930.
[4] *Foreign Affairs,* June 1930.

Angell defends M. Briand's scheme against inaccurate and partisan interpretations, and criticizes the arguments of *The Manchester Guardian* in favour of treaty revision. We French democrats may look, therefore, to the great English nation, which we admire so much, for a co-operation, without which we cannot work effectively either for peace or for liberty.

We know the terms of the Italian reply. The Fascist Government offers its earnest collaboration, but has certain observations to make. It wants union, but not unity, and we have no difficulty in conceding this point. It demands absolute equality among the nations and we could ask for nothing better. We think Italy is right, too, in advocating the admission of Russia and Turkey. Europe, in the eyes of the Fascist Government, "does not represent a civil unity which it is possible to isolate in considering universal problems of political and economic organization. Modern civilization cannot be split up." We agree, and we would like in passing to pay a tribute to the remarkable form, the classic style, of the Italian response. Italy is anxious to maintain the principle of universality and interdependence; she holds, too, that every country, without distinction, should have a permanent representative on the Council of the Union. She does not, however, accept the system of the League of Nations as a basis of security; she demands that the problem of a general reduction of armaments should be settled at the outset. The concluding phrase of the reply sent from Rome on July 4th is characteristic. "Disarmament, that essential principle, which is

not mentioned either expressly or incidentally in the Memorandum of the French Republic, is in the opinion of the Fascist Government, the fundamental starting-point for an effective work of moral cohesion among the nations, for the complete solution of the general problem of security and for the provision of a practical consistency and an elementary *raison d'être* in any scheme of European federal union."

We admire the solidity of this document, its cohesion and the vigour of the thought which it expresses. French democrats will not oppose an attempt to find a practical solution for the problem of disarmament. We would repeat, however, that Europe cannot, without great injury to herself, subordinate the question of organization, without which she cannot continue to live, to even the most laudable political solutions.

The public man of our day would be unequal to his task if he failed to perceive behind the mask of political facts, the hard economic truth.[1] More and more the perturbed producers are coming together, technicians join their efforts, enterprises amalgamate. We see, for example, British opinion moving increasingly towards the idea of rationalization under the form of normalization, standardization, and amalgamation. The great chemical industry has supplied the first example, which has been followed by

[1] See M. Roger Conte's report for the International Chamber of Commerce (Document No. 4152; meeting of June 23rd, 1930).

the steel trade and the electric companies. In Italy, in October 1928, the majority of the principal concerns for the metallurgy of iron were united in the *Consorzio;* these fusions have been multiplied in the case of assurance societies and banks. A more and more extensive and scientific cartellization is also a distinctive mark of Polish economy. In Belgium, the progress of concentration was extremely rapid in the last months of 1928 and 1929, under the inspiration of the Banque de Bruxelles and the Société Générale de Belgique. Now, national concentration is an essential condition of agreement between various nations.

Already the League of Nations has recognized and declared that the remedy for the visible evils where sugar and coal are concerned is an international one. Whether we consider the amalgamation for raw steel and its derivatives, the Franco-German potash agreement, or any of the cartels we have cited, we find European interpenetration everywhere. The new American tariffs, we hope, will only accentuate this movement towards solidarity. Europe is not threatening any other land. She wants only to live, and she cannot live without union. Political theories must bow to that primordial necessity.

Will there be a European federation or not? Or, rather, let us ask: Will the States of Europe agree to join together in the prudent fashion which wisdom seems to us to demand, in order to bring about the gradual emergence of their common interests? We shall not attempt to answer that question. In the interests of clarity, however, at the end

of a study which does not pretend to be more than preliminary, we feel it our duty to summarize the principles embodied in our essay, principles which, in our view, must guide the work undertaken.

I A European understanding can be achieved only within the framework of the League of Nations, as a part of the League, and marking a stage in its development.

II Since the League Covenant permits regional agreements within a continent, it follows *a fortiori* that it cannot oppose the agreement of a whole continent.

III A European understanding must take account both of international and of national alignments.

IV It must be open to all the nations of Europe which are willing to enter.

V It is rendered necessary by the laws of economic evolution, by industrial amalgamations, and by the necessity of defending the European market.

VI It must be sufficiently comprehensive to admit nations like Great Britain, which have both European and world-wide interests.

VII The nations must be represented on absolutely equal terms.

VIII It may usefully copy the form taken by the Pan-American Union, proceeding by the method of periodical conferences, assisted by permanent services.

IX It must be flexible, prudent, and patient.

X It must regard the suppression of tariff barriers as the end, not the beginning, of an economic organization of Europe.

XI It can achieve stability only by a European organization of credit.

XII Its durability will depend upon a fixed system of arbitration, disarmament, and security.

One final word. We shall be told that this scheme of the French pacifists is inspired by a secret desire to secure a lasting hegemony for their country. To those who hold this view, we would reply that France is both an agricultural and an industrial nation, her home resources are supplemented by her overseas possessions, she has no unemployment. By general consent she is, in virtue of her geographical position, her political stability, and her economic endowment, the nation best qualified to be self-sufficing. If national egotism prevailed, and if our plan of European understanding were rejected in favour of the old conception of the balance of power to which we owe so many evils, French statesmen would have to remember these facts. Believe it or not, the efforts of the French Republic

spring from her respect for the principles of the Revolution and the doctrines of democracy, and from her hope that Europe will at last accept a regime of free activity under the reign of equality and peace.

APPENDIX

Appendix

International Agreements and Conventions Regarding Aerial Navigation, from November 1919 to October 1929

1 Provisional agreement on aerial traffic between Great Britain and Switzerland, Berne, November 6th, 1919.

2 Convention and additional protocol between France and Switzerland to facilitate aerial communication between the two countries, Berne, December 9th, 1919.

3 Provisional convention governing aerial traffic between Switzerland and Germany, Berne, September 14th, 1920.

4 Arrangement concerning postal traffic by aeroplane made between the Postal Administration of Great Britain and Ireland and the Postal Administration of Belgium, London, September 23rd, 1920.

5 Provisional agreement on aerial traffic between Great Britain and Denmark, Copenhagen, December 23rd, 1920.

6 Provisional agreement on aerial traffic between Great Britain and Sweden, Stockholm, February 16th, 1921.

7 Provisional agreement on aerial traffic between Great Britain and Norway, Oslo, July 15th, 1921, and additional agreement, February 22nd, 1923.

8 Convention between Denmark and Norway on aerial traffic, Copenhagen, July 27th, 1921.

9 Arrangement concerning postal traffic by air between France and Great Britain, October 10th, 1921.

10 Convention between Denmark and Germany on aerial traffic, Copenhagen, April 25th, 1922.

11 Provisional arrangement controlling aerial traffic between Belgium and Switzerland, Brussels, June 13th, 1922.

12 Provisional arrangement governing aerial traffic between Holland and Belgium, The Hague, July 8th, 1922.

13 Provisional convention between Holland and Germany, The Hague, July 24th, 1922.

14 Agreement additional to the provisional agreement of July 15th, 1921, concerning aerial traffic between Great Britain and Norway, Oslo, February 22nd, 1923.

15 Convention on aerial traffic between Sweden and Norway, Stockholm, May 26th, 1923.

16 Provisional arrangement concerning aerial traffic between Belgium and Switzerland, Brussels, June 13th, 1923.

17 Agreement between Belgium and Denmark on aerial traffic, Copenhagen, June 28th, 1923.

18 Provisional arrangement concerning aerial traffic between France and Holland, Paris, July 2nd, 1923.

19 Provisional agreement on aerial traffic between the United Kingdom of Great Britain and Northern Ireland and Holland, The Hague, July 11th, 1923.

20 Convention on aerial traffic between Hungary and Austria, Vienna, November 3rd, 1924.

21 Agreement between Denmark and Poland on aerial traffic, Copenhagen, December 16th, 1924.

22 Provisional convention on aerial traffic between Holland and Norway, The Hague, January 8th, 1925.

23 Agreement between Poland and Austria on aerial traffic, Warsaw, May 5th, 1925.

24 Provisional agreement on aerial traffic between Holland and Switzerland, Berne, May 18th, 1925.

25 Agreement between Germany and Austria on aerial traffic, Vienna, May 19th, 1925.

26 Convention between France and Germany on aerial traffic, Paris, May 22nd, 1925.

27 Provisional agreement between Sweden and Germany on aerial traffic, Stockholm, May 29th, 1925.

28 Convention between Poland and Sweden on aerial traffic, The Hague, October 1st, 1925.

29 Convention between Poland and Holland on aerial traffic, The Hague, November 4th, 1925.

30 Provisional convention on aerial traffic between Sweden and Holland, Stockholm, November 21st, 1925.

31 Provisional agreement on aerial traffic between Holland and Norway, The Hague, January 8th, 1926.

32 Agreement on aerial traffic between Poland and Czechoslovakia, Prague, April 15th, 1926.

33 Customs agreement regarding aerial traffic between Great Britain, Belgium, and France, Paris, May 5th, 1926.

34 Convention between Belgium and Germany on aerial traffic, Paris, May 29th, 1926.

35 Provisional agreement between Denmark and Holland on aerial traffic, The Hague, July 23rd, 1926.

36 Convention between Germany and the Czechoslovak Republic, Prague, January 22nd, 1927.

37 Treaty between Czechoslovakia and the Republic of Austria concerning aerial traffic, and additional protocol, Vienna, February 11th, 1927.

38 Arrangement between the Republic of Czechoslovakia and the Republic of Austria concerning the establishment and exploitation of regular aerial transport services, Vienna, February 15th, 1927.

39 Convention between the Kingdom of Italy and the German Reich on aerial traffic, Berlin, May 20th, 1927.

40 Agreement on aerial traffic between Germany and Great Britain, Berlin, June 29th, 1927.

41 General convention on aerial traffic between Italy and Spain, Santander, August 15th, 1927.

42 Agreement reached between the Government of the U. S. S. R. and the Government of Afghanistan on aerial transport service between Kabul and Tashkent, Kabul, November 28th, 1927.

43 General convention between Germany and Spain on aerial traffic, Madrid, December 9th, 1927.

44 Special agreement between the Spanish and German Governments for the establishment and the general service of the aerial route Madrid-Berlin, Madrid, December 16th, 1927.

45 Convention between France and Spain on aerial traffic, Madrid, March 22nd, 1928.

46 Convention between Italy and Austria on aerial traffic, Rome, May 11th, 1928.

47 Agreement between Italy and Austria on the creation and exploitation of regular aerial routes, Rome, May 11th, 1928.

48 Provisional agreement governing aerial traffic between the Saar Territory and Switzerland, Berne, August 15th, 1928.

49 Convention between Italy and Spain regarding a regular aerial service between the two countries, Madrid, October 3rd, 1928.

50 Protocol relating to aerial posts between the Imperial Government of Persia and the Government of the U. S. S. R., Teheran, November 23rd, 1927.

51 Convention between Germany and Norway relating to aerial traffic, Berlin, January 23rd, 1929.

52 Convention between Italy and France relating to the establishment of aerial services, and protocol as to the methods of application of the aerial convention of March 10th, 1929, between Italy and France, Turin, March 10th, 1929.

53 Convention between the Saar Territory Commission and the German Government relating to aerial traffic between the Saar and Germany, Saarbruck, April 30th, 1929.

54 Convention for the unification of certain rules relating to international aerial transport, Warsaw, October 12th, 1929.

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